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AUTHOR Nieuwenhuis, Ann; Hathaway, Irene
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ABSTRACT

This document contains both a leader's guide and participant's workbook on money management. The leader's and participant's guides contain 10 parts each: (1) danger signs in money management; (2) what's important to you; (3) spending for the future; (4) financial fitness; (5) use credit wisely; (6) decisions, decisions; (7) shopping basics; (8) improving your family's security; (9) your checking account; and (10) cleaning on a shoestring. Each part in the leader's guide contains some or all of the following sections: introduction; participant's objectives; objectives; materials; directions; examples; definitions; review; read; complete; tables; and charts. The participant's workbook (the bulk of the document) contains activities for each of the 10 parts. (NLA)

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Michigan State University Extension Home Economics Fall 1991

MANAGING YOUR MONEY

by Ann Nieuwenhuis, Extension Home Economist, Kalamazoo County and
Irene Hathaway, Extension Specialist, Family Resource Management,
Cooperative Extension Service,
Michigan State University

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What do you wish you could do with your money?

Get some special things for your family or yourself? Have enough for food the entire month? Get bills paid up? Feel in control of your money—know where it goes, get what you really want when you spend?

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Leader's Guide

Contents

Part 1...Danger Signs in Money Management.

Find out your money management problems and start record keeping with the *Managing Your Money* calendar.

Part 2...What's Important to You?

Understand how values influence choice making.

Part 3...Spending for the Future.

Identify your family's money goals.

Part 4...Financial Fitness.

Develop a family budget.

Part 5...Use Credit Wisely.

Understand different sources of credit , how to read and interpret credit contract and credit card bills and check your use of credit.

Part 6...Decision, Decisions.

Compare credit sources and evaluate rent-to-own.

Part 7...Shopping Basics.

Understand how to stretch your food budget and make food choices.

Part 8...Improving Your Family's Security.

Develop a savings plan and select the best savings options for your family.

Part 9...Your Checking Account.

Learn how to use a checking account.

Part 10...Cleaning on a Shoestring.

Make low-cost cleaners and learn easy ways to keep your home clean.

Part 1...Danger Signs in Money Management

In today's complex financial world each of us faces difficult and often bewildering choices in managing our resources. *Managing Your Money*, from the Michigan State University Cooperative Extension Service, is an educational series designed to help people learn to manage their money effectively.

Managing Your Money has been designed to provide information and help individuals develop skills and gain confidence in controlling family resources. This is accomplished by:

- Sharpening budgeting and record-keeping skills.
- Creating workable spending plans.
- Establishing realistic savings habits.
- Understanding credit.
- Evaluating consumer choices.
- Planning healthy menus and selecting nutritious, low-cost foods.

What you do makes a difference....

To put the participant at ease, sit next to rather than across from him/her. This will create a friendly atmosphere of exchanging information rather than a formal teacher-student relationship.

In presenting money management concepts, be as positive as possible. It's important that the participant has the idea that he/she can do something, and that what he/she does will make a difference.

The majority of participants will have financial problems. You will help put your participant's problems in perspective and think of what can be done in his/her situation.

Remember skills in money management build slowly. This series is designed with a "hands-on approach. The activities reinforce budgeting knowledge and skill development.

The parts of this series can be used in any order that best meets the individual's needs.

For example, if credit abuse is the biggest problem, start with the credit unit. Then continue to budgeting.

Some participants may not need all the parts, for example, the sections on checking and savings accounts or cleaning the house.

Participant's objectives

- To learn to make wise decisions in managing money.
- To improve ability to make skillful decisions when selecting goods and services.
- To increase awareness of community services.
- To learn how to use human resources effectively.

Danger Signs in Money Management

Objectives:

- To encourage participants to take control of their finances.
- To encourage participants to keep track of their spending.

Materials:

- pencil or pen
- participant notebook
- *Managing Your Money Work Sheets*, Bulletin E-1779
  Cooperative Extension Service
  Michigan State University
  order copies from your Extension Home Economist

Directions:

1. Discuss: Why should you enroll in the program? or what's in it for you?

If you know how to manage your money, you can gain control of your money, no matter how much or how little you have. More specifically, you will:

- Sharpen budgeting and record-keeping skills.
- Develop a workable spending plan.
- Establish realistic spending patterns.
- Understand credit and evaluate consumer choices.
- Become a skilled shopper.
- Plan and buy low-cost nutritious meals.
- Understand checking sccounts and savings options.

2. Review the danger signal on page 1.1 of the participant's book. Also ask about the following concerns.

Are you:

- Unable to save for upcoming expenses-major appliances, back-to-school clothing, or holidays?
- Embarrassed about charging a places where you are behind on your payments, so instead you open new accounts at other places?
- Taking out new loans to pay old ones - or extending loans for lower monthly payments?
- Borrowing to pay for items that you used to purchase with cash?
- Seeing your monthly installment debts, revolving credit accounts and loans (not including mortgage) exceeding 20 percent of your take-home pay?
- Dipping into reserves and savings to pay current bills?
- Relying on extra income to make ends meet?
- Without three months' take-home pay ready in a savings account for emergencies?
- Constantly short of cash so you charge items such as drugstore purchases that you formerly paid in cash?
- Shuffling funds that were set aside for a specific purpose such as insurance, a tax bill or a new refrigerator, and using as cash now?
- No longer able to pay all the bills that come due each month, so you pay a few (or make a token payment on them) and ignore the rest?

3. Have the participant complete the *Find Your Problem* checklist in his/her workbook. Calculate the scores. Review the overall score. Offer any immediate and/or short-term solutions from the *Finding Your Problem Checklist*

Finding Your Problem Checklist Suggestions

Problem	Immediate Solution	Short-Term Solution
Not enough food for the month.	• Is participant enrolled in all available nutrition programs: school breakfast & lunch, food stamps, WIC, commodity foods? • Discuss how to contact emergency food pantry.	• Explain EFNEP and encourage enrollment, if available. • Schedule basic shopping lesson. • Plant a garden, can/freeze produce.
Behind on rent or house payment.	• Has he/she contacted landlord or bank and explained the problem? • Does he/she qualify for Department of Social Services (DSS) emergency needs program?	• Can he/she find extra work to generate more income?
Not able to buy special things for kids.	• Suggest items he/she can make instead of purchase. • Discuss how TV influences children's wants and needs.	• Discuss the bargains found at garage sales, flea markets, etc. • Can he/she barter their services for needed items?
Not enough money for dentist, doctor, or medicine.	• Contact emergency programs available through DSS, the Red Cross, the Salvation Army. • Are there clinics or medical schools that offer free or lower-cost services?	• Find a job that offers health care coverage.
In danger of having gas or electricity shut off.	• Apply for DSS emergency needs program. • Discuss payment problem with utility company. • Ask for assistance at Red Cross, Salvation Army, etc.	• Discuss ways to reduce consumption of utilities. • Look for different housing that includes cost of utilities in rent.
Not able to meet large bills	• See if scheduled payments can be reduced. • Consolidate bills. • Look for ways to reduce other expenses to cover bills.	• Encourage saving dollars for larger down payment or for total cash purchases in the future.
Cannot afford to keep household equipment in running order.	• Barter services—babysitting in exchange for repairs by a neighbor or friend. • Contact the Red Cross or Salvation Army. • Ask for assistance in church bulletin.	• Take adult education courses to become more skilled in home maintenance.

Problem	Immediate Solution	Short-Term Solution
Cannot afford to buy clothes or shoes.	• Locate second-hand stores, discuss savings. • Swap clothes with neighbor or second-hand stores. • Go to Salvation Army, Goodwill or churches for free or reduced-cost items.	• Learn to repair inexpensive items found at garage sales or flea markets.
Not able to save money to fall back on.	• Begin to save money from bottle refund. • Fix a meal at home instead of eating out, and save the dollar difference. • Reduce costly habit such as smoking or drinking pop, and save the money.	• Begin a regular savings plan. • Record weekly savings. • Set goals for savings.
Money is lost or stolen. Someone else spends the money.	• Locate a safe place for the money, e.g., a locked drawer or a high shelf out of sight.	• Open a bank account for safekeeping.
Furniture, appliance, etc., repossessed.	• Discuss why the item was repossessed and how that could have been avoided.	• Establish a savings plan to increase the minimum down payment or save ahead to make a cash purchase.
Afraid to answer the door or phone because it might be a bill collector.	• Contact collection agency, explain problem and look for possible alternative solution.	• Discuss ways to save money on groceries, etc., to save dollars for payment to bill collector.
Trouble keeping track of how money was spent.	• Encourage use of money management calendar. • Begin to keep records of expenses and receipts.	• Review weekly and monthly expenses and make appropriate changes.
Not satisfied with the way family money is spent.	• Discuss past expenses, why dissatisfied, how he/she would change those past decisions? • Who was involved in making those choices? How can he/she make better choices?	• Teach the lessons on goals and values. • Have family establish immediate, short-term, and long-term goals. Review progress regularly.

4. Explain the importance and purpose of a budget.

5. Ask if the participant wants to enroll in the series.

If so:

- Hand out the *Managing Your Money Work Sheets* calendar. Give the participant one set now and then more as you continue to work with him/her. It's best if he/she uses the calendar for three months.
- Review the calendar's purpose, instructions, and charts.
- Remember to review the calendar regularly, preferable at each visit.

At the review, ask the participant:

- Was this a typical week (or month)?
- Were there any problems?
- Did you pay all of your bills? on time?
- Do you have any monthly bills due next week? Do you have the money? If not, what are you going to do?

It's important to encourage regular record keeping for at least one month (preferable three months). Figures from the calendar are needed to complete the *Financial Fitness* lesson.

Part 2...What's Important to You?

Review—
weekly progress
on the *Managing Your Money*
calendar.

Participant's objectives

- To identify what's important to his/her family.
- To understand the family's spending habits.
- To make informed choices when spending money.

Materials:

- pen or pencil
- participant notebook

Directions:

1. Define values—strong beliefs that influence our decisions and choices. Values influence many areas: moral, spiritual, and financial.

2. Have the participant list his/her strong financial values. Some choices might include:

- Bills paid on time.
- Good education.
- Dependable transportation.
- Savings account.
- Steady paycheck.
- Enough food all month.
- Good health.
- Safety and security.
- Comfortable home.
- Nice clothes.

Indicate the steps that need to be taken to achieve success.

Examples:

- Bills paid on time—need to keep track of money, control impulse buying and save money for bills.
- Dependable transportation—have money to repair when needed and to buy gas each week.

- Enough food all month—budget food dollars, stick to a grocery list, develop a menu plan, and limit impulse to eat out.

3. Discuss the money values he/she grew up with.

Ask:

- How important was money in your family?
- Did you receive an allowance as a child or a teen?
- Did you earn your spending money?
- How does your lifestyle now compare to that in your childhood? Are there similarities?
- How is money handled—the same way or differently?

This exercise will help assess the participant's money management background. Answers to these questions reflect differences in the way people are raised. The way people view money from childhood through their teen-age years greatly influences their money management values as an adult.

4. Present the three steps in choice making:

- *Thinking*—deciding what all the choices could be.
- *Value judgment*—deciding what is most important by comparing advantages and disadvantages.
- *Choice*—following through with the decision.

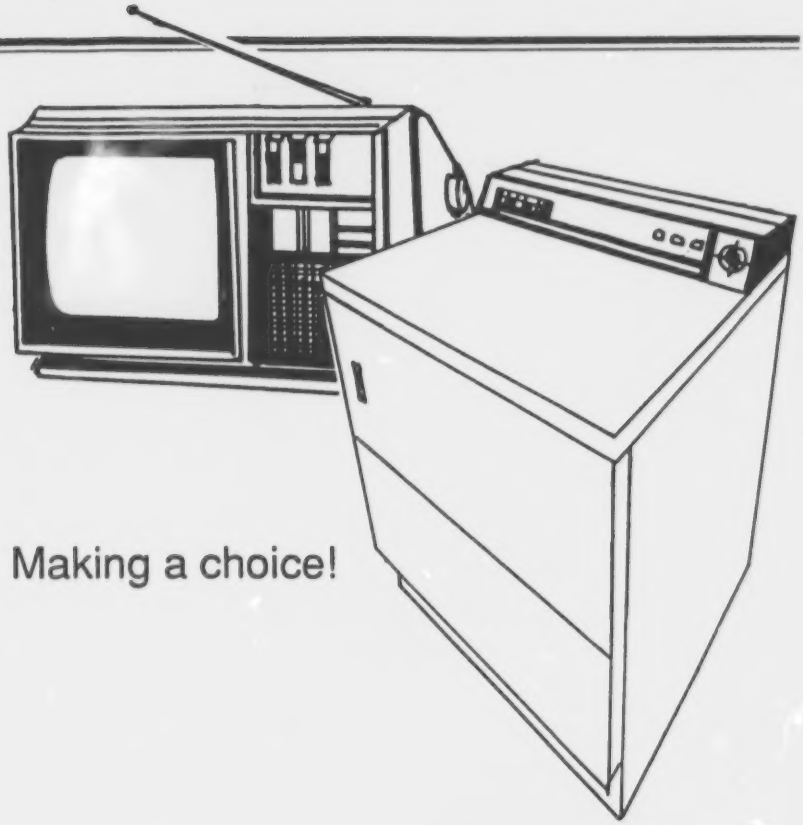
Decision:

Complete this example with the participant.

Should the Smith family purchase a washing machine or replace the black and white TV set with a portable color TV?

What are the choices?

- Purchase the TV.
- Purchase the washing machine.
- Save the money.
- Buy something else.



Making a choice!

	TV	Washing Machine
Description	• color 19 inch portable, remote optional	• 12 lb. capacity, • electric or gas
Advantages	• enjoy TV move • easy to move • second set—less arguments	• eliminate trips to the laundermat • save money on laundry • convenience—able to do something else while washing clothes
Disadvantages	• everyone watches too much TV • get fat, less active, eat while watching TV • spend less time with children	• no dryer; • must hang up clothes • need special hook-up and space • hard to move • water bill could go up

What would the participant do? Why?

5. Review the decision-making process.

You don't go through this choice-making process every time you make a purchase. Many everyday items are purchased on the basis of past value judgments. This allows you to act on habit.

Use this example:

At some point in your life you decided to buy brand X toothpaste. You decided it was the best choice for your family. You continue to buy this toothpaste until something causes you to change your mind.

Suppose you are given a free sample of a new brand of toothpaste. You try the toothpaste and your family likes it as well as your regular brand. At the store you find the price is 23 cents lower. What brand will you buy now?

6. Present this situation:

Suppose your income is cut by 25 percent. With less income, your family will need to make value judgments. Will you cut down on your spending, use your savings, or borrow money? Your family will choose the action it prefers that is possible. This is how the choice-making process works.

What choices would you make?

7. Have the participant complete *Making Choices* worksheet and discuss their responses.

Part 3...Spending for the Future

Review—
weekly progress the *Managing Your Money* calendar, definition of values, and how values affect money management decisions.

Participant's objectives

- To identify his or her family's goals.
- To learn how to write a goal and develop the steps to accomplish the goal.

Materials:
- pencil or pen
- participant notebook

Directions:

1. Explain why goals are set.
   - Goals provide purpose.
   - Goals help you get what you want out of life.

2. Define a goal—an end towards which effort is given; something desirable to work toward.

3. Discuss various types of and goals.

Examples:
- Material goal—could be car, stereo, clothes, or house.
- Non-material goal—could be weight loss, better education, or a new job

4. Have participant identify his/her needs and wants. Discuss how needs and wants differ.

Definitions:
- A *need* is basic to your well-being—a must such as food, shelter, clothes, transportation, and health.
- A *want* is an item or event that is extra. Wants are unlimited!

5. Help the participant write a goal.

Example: I want or need (underline or circle one): a larger apartment.

Be specific: two bedrooms, bigger kitchen, space for a garden, safe neighborhood, and same school. This identifies what you want or need. It gives you direction.

Show how to identify resources. This will tell the participant how to accomplish the goal.

- Call an agency, such as Center City Housing, for a list of available apartments.
- Take an apartment that needs work, if you have handyman skills.
- Ask for extra hours at work to cover additional rent costs.
- Save money on food for security deposit.
- Ask friends and family members to help you move.

Identify a time line. This tells when the goal will be reached. For example:

Examples:

- Move by the first of next month.

Be specific:

- Locate apartment by the 15th of this month.
- Give notice to landlord by_____.
- Sort clothes by_____.
- Begin packing by_____.

Picture the goal and work toward it each day.

Question:
What's the best way to eat an elephant?

Answer:
Bite by bite.

It's the same with a goal. Take a bite each day and soon the goal will be accomplished.

6. Explain the three time periods for goals.

Definitions:

- *short-term*—weekly or monthly basic living expenses, such as rent, food, clothes, and presents.
- *intermediate*—items you want to purchase in the near future, such as holiday presents or new TV.
- *long-range*—things you want to buy in the next five years, such as a new house.

7. Have the participant identify at least one goal in each of the three time periods. Include what, how and when.

8. Reinforce the idea that money management is a team effort. Encourage the participant to try this exercise with his/her family.

—Remember to review this sheet on your next visit.

Part 4 ...Financial Fitness

Review—
look over the
Managing Your Money calendar
and make sure all
expenses have
been recorded.

Participant's objectives

- To learn how to plan family finances.
- To learn how to analyze and adjust a budget.

Materials:

- participant workbook
- pencil or pen
- *Managing Your Money* calendar
- calculator (optional)

Directions:

1. Determine the actual amount of income the participant had for the entire month.

Include money from:

- paycheck
- children's wages
- Social Security
- unemployment benefits
- welfare payment
- AFDC—Aid to Families with Dependent Children
- child support
- other sources (farm income, rental property, relatives, retirement pension, sale of goods—e.g., garage sale items)
- food stamps or other in-kind payments

To calculate these figures, multiply by 4 if income is paid weekly or multiply by 2 if paid twice a month.

- Total all of the figures to get a monthly income figure.

2. Refer to the client's *Managing Your Money* calendar.

- Total columns for both fixed and controllable expenses.
- Add these figures together.
- Subtract this total from the monthly income.

Ask these questions: Is there money left? Is the family in the hole? Did they break even? Do they feel they had control of their money? Do they need to make some changes?

3. Review the 10 cost-cutting ideas. Have the participant think of at least one way to use each of these ideas:

- *Don't buy it*—ask yourself if you really need it.
- *Borrow it*—especially if it's something you won't use often.
- *Share it*—share items and skills with family and friends.
- *Substitute*—ask yourself if there is something else at a lower price that will do the job almost as well.
- *Use wisely*—make the things you buy last longer by taking care of them.
- *Find the best buy*—do your homework, compare prices.
- *Make it*—if you can make it cheaper.
- *Rent it*—if it's an item you won't use very often.
- *Find it free*—ask around, maybe someone has one he/she is not using and will give it to you, or maybe there is an option in the community, such as the public library.
- *Trade or barter*—trade things or skills with friends and family.

4. Help the participant begin to see where changes can be made. Remind him or her that changes are easier to make if everyone understands why the changes are needed. Suggest that all family members be included in the process.

Now that expenses and income are known, start the plan to spend money. Goals and values will help the family decide what to do.

5. Help develop a spending plan. The form for both fixed and controllable expenses is found in the workbook. The record of expenses will show where the money went. A spending plan that matches goals will help:

- Use money wisely.
- Live within income means.
- Handle credit better.
- Ease worries about money.

Remind the participant that a spending plan should be reviewed periodically to see if changes need to be made.

Part 5 ... Use Credit Wisely

This part contains two sections—the first one defines the meaning of credit and the second one explores how the participant uses credit.

Participant's objectives—1

- To learn credit definitions.
- To understand the advantages and disadvantages of credit.
- To learn some sources of credit.
- To understand rules and responsibilities of credit.
- To realize that credit costs money.
- To be able to read and interpret a credit contract and credit card bill.

Materials:

- pen or pencil
- participant notebook

Directions: Review the glossary of terms.

Charge accountt—A form of consumer credit in which the store finances your purchases.

Collateral—Something of value pledged by an individual to assure loan repayment. It can be taken away by the lender if the loan is not repaid.

Credit—An arrangement to receive cash, goods, or services now and pay for them in the future.

Credit card—A plastic card issued by a creditor that allows consumers to charge goods and services.

Credit rating—A measurement of how well you pay your bills and the amount of additional debt you can take on.

Credit union—An organization made up of members with a common interest who bind together to offer loans to each other at rates that are probably lower than they could get otherwise.

Creditor—Someone who lends you money.

Durable good—An item having a relatively long life, such as a TV set, household appliances, or an automobile.

Finance charge—A fee or the cost of a loan paid by a borrower for the privilege of using credit.

Finance company—A company that makes loans to consumers, frequently at higher interest rates than other lenders charge.

High-risk borrowers—Borrowers who have a history of not repaying their debts and/or currently have many debts.

Installment loan—A loan that is paid off in two or more payments made at regular intervals over a period of time.

Interest—Money you must pay to creditors, in addition to what you borrowed, for the use of their money.

Layaway—A purchase plan by which a store sets aside an item while a consumer makes payments on it. When the item is completely paid for, the customer can take it home.

Savings and loan association—A financial institution that accepts deposits and makes loans.

Directions: Explain that when credit is used, the participant receives cash, goods, or services now and agrees to spend a portion of his/her future income.

Help the participant understand that credit can be a valuable resource but that if it is used carelessly, it can affect his/her financial security.

Review: What are the advantages and disadvantages of using credit?

Reasons for using credit	Reasons for not using credit
1) You can buy things when you are short of cash	1) It cost more than paying cash.
2) You can use things while you for them.	2) You may buy things you pay really don't need.
3) You can buy things on sale if don't have cash.	3) You could buy more than you can pay for.
4) You can make major purchases.	4) You may not shop for the best buy.
5) You can meet emergencies.	5) You may agree to terms that you cannot afford if you don't understand the contract.

Define: There are three things that a creditor looks for before lending money.

Capacity—the amount that can be paid regularly.

Collateral—the value of assets used to guarantee a loan. For example, with a car loan the car is the collateral.

Character—willingness to repay loan reflected by the past record of paying bills.

Discuss: What makes someone a good credit risk?

- Pays bills on time.
- Steady job—steady paycheck.

What are some types of credit (see *Glossary of Terms*)?

- Installment loan.
- Credit card.
- Charge account.
- Layaway.

Discuss: Where credit can be obtained and what types of credit are available from each source. Also discuss what the qualifications are for each source.

Sources	Types of credit	Qualifications
1) Bank	• Cash loans—major purchases. • Credit cards.	• Be a good risk. • Have enough collateral.
2) Savings and loans	• Cash loans—usually home mortgages. • Credit cards.	• Be a good risk. • Have enough collateral.
3) Credit unions	• Cash loans—usually for lower interest rate than other major lenders. • Credit cards.	• Be a good risk • Have enough collateral. • Become a member. • Pay a member-ship fee.
4) Finance Companies	• Cash loans-offered at a *much* higher interest rate because of the number of high-risk borrowers.	• Not necessary to be a good risk. • Offered to high-risk borrowers, people who have a history of not repaying past and/or current debts.
5) Stores	• Credit cards. • Charge accounts. • Layaway.	• Be a good credit risk.

Remember: Some things that the participant needs to keep in mind when obtaining credit include:

- The cost of credit from various sources. You need to shop for credit to find the best deal.

- Sometimes people are desperate to borrow money.
- Credit can be found with pawn brokers and illegal lenders—loan sharks. This is very risky. Interest charges are very high and only make the problem worse.

Directions: Impress upon the participant that credit costs him/her money. The cost of credit is determined using the following criteria.

- Length of loan.
- Interest rate.
- Finance charges.

An installment credit contract must include:

- Amount of loan.
- Annual interest rate (APR).
- Due date for payments.
- Payment amount.
- Down payment, if any.
- Terms if payment is late or missed.
- Name and address of lending institution.

Discuss the ways to reduce the cost of installment credit.

Help the participant find the information to answer the questions on the installment loan contract:

1. Total cost of the credit is $472.50.
2. Each payment will be $25 until the last payment which will be $22.50.
3. There will be 19 payments.
4. Payment are due biweekly (every other week) starting April 1, 1991.
5. No provisions have been made for lost or missed payments.

Help the participant find the information to answer the questions on the credit card bill:

1. The closing date is 3-13-91.
2. The previous balance was $25.99

3. There was no finance charge.
4. The minimum payment is $53.
5. The amount is due 4-13-91.
6. The rate on the finance charge would be 1.7% per month, computed on the average daily balance.

Discuss the approved procedure if the participant cannot pay a bill.

Have the participant take the "credit control" survey to determine his/her credit rating.

PART II

Participant's objectives—

- determine if he/she is overusing credit.
- evaluate credit purchases, before buying.

Directions:

1. Have participants complete *Look at Your Current Financial Health* assessment (5.13-5.14). Discuss his/her current credit situation. If participant has no current credit problems, skip to last exerciese, *Credit Control.* (5.18)

2. If participant has a problem with credit, discuss steps to take if bills cannot be paid.

3. Have participant answer *yes* or *no* to the spending questions on 5.16.

Total the number of *yes* responses. Three or more *yes* answers may indicate that the person is a compulsive spender.

4. Discuss these reasons for compulsive spending. (These reasons are not written in the participant notebook. Discuss with sensitivity.)

Some people get into debt trouble because of careless management or ignorance of bad habits. Compulsive spenders get into trouble even when they have the skills to manage their incomes.

Compulsive behavior serves a purpose. A compulsive spender may be relieving depression or ventilating stress. It's a difficult habit to break.

Low self-esteem is frequently another element of compulsive buying. Buying, having, and owning are attempts to fill a void. Some people use compulsive buying to mask other problems, such as depression or poor family communication. Unfortunately, careless spending only makes the original problems worse.

Some psychologists feel that our environment may promote compulsive spending. Television and print advertising, our friends and their standards of living often put pressure on us to achieve higher living standards than we can afford.

Easy credit puts expensive goods seemingly within reach of those who really can't afford them. Budget counselors agree that spending problems are a by-product of today's easy credit and the instant gratification it makes possible.

5. Review the steps to change spending habits.

Help the participant recognize harmful spending patterns. The participant may feel good about buying habits at first, but later it can cause problems.

Have the participant realize that compulsive spending is a habit and that habits are controllable.

Look at ways to help the participant begin to change spending patterns.

—Some psychologists recommend choosing active rather than passive recreation. Work on hobbies, participate in civic activities, and watch less television to avoid constant

messages about how you should live and what you should value.

—When friends say, "Let's go to the mall just for fun," say "No". Choose friends and activities that won't make your credit problems worse.

—Review your goals. Set new ones, if necessary.

—Many compulsive spenders have low frustration tolerance. They want their goals achieved immediately. They can learn to delay immediate gratification, however, and to implement intermediate and long-term goals.

—List things the participant can do to reward him/herself for positive spending habits.

Examples:

- Take a relaxing bubble bath.
- Go for a long walk.
- Invite friends over for an evening.

6. Review the questions on the *Credit Control Exercise*. Encourage participants to review their list prior to making a credit purchase.

Part 6...Decisions Decisions

Review—
a quick recall of credit terms, rules, and sources from Part 5 may be helpful before you start this section.

Participant's objectives

- To comparison shop among various rent-to-own stores
- To understand available credit choices
- To realize the importance of comparing credit sources.

Materials:

- pen or pencil
- participant booklet

Definition::

Rent-to-own—A method which allows a consumer to rent an item by the week or month and gain ownership after a specified number of payments have been made. Each weekly payment automatically renews the rental agreement.

Most contracts are for well-known, name-brand products that range from middle to top of the line models.

Examples of sales:

Video cassette recorders (10-15% of sales).

Furniture is stocked by 20-30% rent-to-own stores. This accounts for 10-20% of their sales.

Stereos (15-20% of sales). This consists of two separate speaker components, amplifier, and turntable.

Color T.V. sets (40-45% of sales)
49% = 19" portable sets
49% = 25" portable sets
2% = 13" portable sets

White goods (20-25% of sales) This includes washers, dryers, freezers, and refrigerators.

Other (5-15% of sales). Includes microwave ovens, air conditioners, and space heaters.

Source:
Stein, Pat and Judy Brown. "Rent-to-Own: A Consumer Purchasing Alternative." *Journal of Home Ecomonics*, Winter 1988, pp. 43-46.

Discuss: Reasons why rent-to-own has grown in popularity include:

- The number of consumers who cannot obtain credit is constantly rising.
- Eighteen percent of the population moves each year.
- The divorce rate is very high.
- The large number of people waiting longer to get married that are living alone.

The largest group of people who use rent-to-own are low-income families, usually age 18 to 34 with incomes of $20,000 or below. This group cannot usually purchase items with cash and has limited access to credit or savings. Low-income families spend less actual cash on appliance purchases but spend more on credit purchases.

Rent-to-own seems attractive to families because it offers a way to purchase a product with no money down. The lower weekly payments are perceived as an easy way to purchase a *wanted* item even with a poor credit rating.

Example:

Table 1. Comparison of rent-to-own prices for a refrigerator.

Rent-to-own store	Payment	Period	Cost
A	$17.95	78 wks.	$1,400.10
B	18.00	78 wks.	1,404.00
	77.15	18 mos.	1,291.50
C	19.95	78 wks	1,556.10
	80.00	18 mos.	1,440.00

1. A $700 refrigerator at $18.00 a week for 78 weeks or 18 months would cost $1,404 ($700.00 plus $704.00 finance charge). Annual percentage rate (APR) is 106%.

2. A $700.00 refrigerator at $18.00 a week for 104 weeks or 24 months would cost $1,802 ($700.00 plus $1,172.00 finance charge). Annual percentage rate (APR) is 122%.

Look at Table 1 again and talk about the total cost of each

credit source for the refrigerator. There are two problems for participants when they get an item from a rent-to-own store:

1. Prices that are quoted are weekly or monthly but never the actual retail price of the item.

2. A comparison between the total contract price and actual retail purchase price is never made.

Explain there may be other problems with rent-to-own:

- After paying *low weekly* payments for even one year, if the customer stops paying he/ she would have nothing to show for all that money. That's because it is renting not purchasing.
- There may be delivery of defective products without adequate recourse.
- Failure to repair the item quickly may be a problem.
- Repossession of the item may take place if the payments are late.

Table 2. Purchase plans through alternative credit sources for a refrigerator with a retail cost of $700.

	18-Month time period	
Source (APR*)	Payment	Cost
Bank (16%)	$45.11	$811.98
Finance company(23.33%)	47.96	863.28
Major credit card (18%)	45.88	825.48
Major department store (21%)	47.05	846.90

*annual percentage rate.

Explain: Families need to comparison shop for the best credit buy. Table 2 is a comparison of different purchase plans. It illustrates the difference between bank loans, finance companies, credit cards, and major department store credit sources.

Review: Have the participant look at all the different places to shop:

- local stores
- discount stores
- door-to-door sales
- mail order
- shop by phone
- home party
- garage sales

Read: The story problem, *Home Party - to go or not to go* , is a good example to work through with the participant.

- Discuss the options. What should Linda do? Could the participant do it?

Complete: Have the participant do the *Where can I buy it?* excercise in their workbook.

- Review the example.
- Have the participant work through one purchase.

Part 7... Shopping Basics

Participant's objectives

- To determine "best buys" in each food groups.
- To use unit pricing.
- To implement at least one budget stretcher tip per food group.
- To be aware of the number of food group servings and sizes needed for each family member.
- To recognize the importance of making a weekly menu and a grocery shopping list.

Materials:

- **Eating Right is Basic 2** flipchart *Shopping Basics*
  Order **Eating Right is Basic 2 for Adults** from:
  Extension Home Economics
  201 Wills House
  Michigan State University
  East Lansing, MI 48824
  Cost is $90
  Materials include:
  15 flip charts
  2 sets of food stickers
  4 copies of food planner
  86 instructor activity sheets
  reusable menu planning sheet
  20 dividers and folders
  assessment tools
- current food prices for cost comparison
- pen or pencil
- calculator (optional)
- grocery store sales ad (for menu planning)

Directions:

1. Present the *Shopping Basics* flipchart , pages 1-6.

2. Do Activity 1, *How much money do you have to spend for food?*

3. Present flipchart pages 7-42.

4. Compare the cost of fast food vs. homemade french fries.

(Optional: prepare the fries and see which the participant prefers--homemade or fast food.)

5. Present flipchart pages 43-64.

6. Review the hints for grocery shopping with a list.

7. Do *unit pricing* activity and *choose the best buy*. Prior to the lesson, collect current prices.

8. Review the ideas presented for each food group.

- Number of servings needed.
- Serving size.
- Nutrient content.
- Budget stretching tips.

9. Complete a menu plan for one week and make out a grocery shopping list. Remember to use the sales ad and check for food on hand to reinforce the skills taught in the flipchart.

Part 8...Improving Your Family's Security

Review -- *Planning Goals with Your Family* in Part 3.

Part I - Savings Options

Participant's objectives

- To understand the importance of having a regular savings plan.
- To define various forms of savings options.
- To select the best savings plan to meet his/her needs.
- To save money regularly.

Materials:

- pen or pencil
- participant's booklet
- calculator (optional)

Directions:

1. Review *Planning Goals with Your Family* in Part 3. This conversation should identify several reasons why the participant wants to save money.

2. Review the current spending plan. Is savings a regular part of that plan? Remind the participant that an emergency fund of at least three months income should be one of his/her goals. If he/she was to initiate a savings plan, how much could he/she save each month?

If money isn't available, review controllable expenses. Are there places where the budget could be trimmed to create a savings fund?

Discuss ways to save money on a monthly basis, i.e. pay yourself first, direct deposit to a savings account, purchase U.S. savings bonds or deposit any pay increase in a savings plan.

3. Discuss savings options that might be best suited for the participant's goals:

A. Savings accounts.
B. Certificates of deposit (CD).
C. Series EE, U. S. savings bonds.
D. Money Market funds.

Remember there may not be a "best" answer.

4. Discuss Situation 1 and Situation 2. Some possible options may be:

Situation 1 - certificate of deposit
savings account
Series EE bonds
Money Market funds

Situation 2 - savings account
Money Market funds

Remember there is not a "best" answer.

Discuss the positive and negative aspects of the these options when you rank them on:

- rate of return,
- liquidity (ease of getting money out),
- length of maturity,
- tax advantages,
- minimum deposit requirement,
- fees and penalties,
- convenience, and
- security.

Keeping records is part of basic money management. Paying bills or doing income taxes requires having records in order.

Important family papers are needed in case of personal emergencies such as fire, theft, illness, or death.

Part II - Safekeeping For Important Family Records

Participant's objectives

- To understand the importance of safekeeping for important papers.
- To help locate important papers and put them in a safe place.

Materials:

- pen or pencil
- participant notebook
- box to label for important paper (optional); file folders, small brown paper bags or large envelopes for filing papers.

Directions:

1. Discuss the importance of safekeeping for family papers.

You may need to use financial records when you:

- Pay bills.
- Buy or sell a car or house.
- Prepare tax returns.
- Lose a credit card.
- Need to answer a question about a paid bill.
- Look for a job.
- Need an appliance repaired.

2. Suggest keeping the following in a safe place:

- Inventory of household goods.
- Car titles.
- Adoption papers.
- Birth certificates.
- Citizenship papers.
- Marriage certificates.
- Divorce decrees.
- Death certificates.
- Military service records and discharge papers.
- Wills.
- U.S. savings bonds
- Insurance policies.

3. Develop an at-home file system to keep the following:

- Appliance instructions.
- Checking account statements.
- Canceled checks for major transactions and documentation for income taxes.
- Credit records.

Label envelopes or files folders with titles from the VIP list.

Part 9... Your Checking Account

Participant's objectives

- To understand how a checking account works.
- To learn how to protect money when using a checking account.
- To know how to correctly write, deposit and endorse a check.
- To balance a checking account and reconcile the balance with a bank statement.

Materials:

- paper and pencil
- participant booklet
- pocket calculator

Directions: 1. Discuss advantages and disadvantages of having a checking account.

Advantages

- Safer than carrying cash.
- Record of spending for budget purposes.
- Record of spending for tax deductible spending.
- Proof of payment.
- Establish credit.
- May be cheaper than paying bills with a money order.

Disadvantages

- Have to keep track of expenses.
- Must balance checkbook each month.
- Can cost money (monthly service charge).
- Pay high charges for bounced checks.

2. Discuss procedures for opening a checking account.

3. Review the parts of a check and the twelve check writing tips. Have participant write out a check to their favorite store for $25.80.

4. Point out the different ways one can endorse a check.

5. Clarify how to make a deposit.

6. Discuss automatic teller machines.

7. Share the information on how checkbooks are balanced and reconciled with monthly bank statements.

8. Have the participant complete the exercise for:

- writing a check.
- depositing a check.
- recording the transactions in the checkbook.
- reconcile checkbook with bank statement.

Review procedures and answers and explain any necessary corrections.

Part 10...Cleaning on a Shoestring

Many families need help in learning how to make their homes look better. People enjoy their homes more when they look nice and clean.

Participant's objectives

- To identify ways to lower the cost of household cleaners.
- To learn to make effective, low-cost cleaners.
- To learn easy ways to keep a home clean.

Materials:

- participant booklet
- cleaning supplies (optional - necessary only if making solutions)
- **Eating Right is Basic 2,** *Home Invaders* flipchart (optional). See ordering information in Part 7.

Overview: Many people may think it too takes too much money and time to have a clean home, but this lesson will help provide alternatives to more costly commercial cleaners.

This lesson is in two parts, with information on and recipes for low-cost homemade cleaning products and how to plan for and clean a home. Explain how to make low-cost cleaners from common household products.

Directions: 1. Explain how costly commercial cleaners can be because they are perfumed, premixed, packaged, and advertised. Purchased cleaners may be in powder, liquid or spray form and may contain trisodium phosphate, a moderately strong alkali.

Purchased liquid cleaners may contain up to 95 percent water. They may also contain strong alkaline detergents or ammonia to loosen dirt and grime. Several common household products—ammonia, bleach, baking soda, vinegar, and liquid dish detergent—can be used to clean a variety of surfaces just as effectively, maybe more safely and at less cost.

Review: 2. Home-care recipes for low-cost cleaning products.

- general household cleaner
- window cleaner
- wall cleaner
- ceramic cleaner
- floor cleaner
- laundry pre-spot

Liquid chlorine bleach is a disinfecting, deodorizing liquid that bleaches out stubborn stains. A solution of bleach and water will clean tile, porcelain and enameled surfaces, and disinfect dishes. Add 2 tablespoons of bleach to 1 quart of water.

Ammonia in a weak solution is one of the best grease and grime fighters available. Full strength it will remove lipstick, tar and grease stains. For cleaning, add 1/2 cup ammonia to 1 gallon warm water.

3. Explain the many different uses of vinegar and baking soda (see participant workbook).

4. Optional - present **Eating Right is Basic 2** flipchart *Home Invaders* and discuss homemade remedies for pest control.

Discuss and/or demonstrate how to clean, if necessary. Explain why a clean house is important. Use the following script for cleaning.

Script: 1. Why have a clean house?

A clean house:

- Makes you feel good.
- Makes your family feel good.
- Helps keep your family healthy.
- Makes you proud of your home.
- Helps things last longer.
- Sets a good example for the children.

2. What is a clean house?

A clean house has:

- Clean, shiny windows.
- Floors free of dirt and trash.
- Walls and ceilings without cobwebs or dirt.
- Furniture without crumbs, dust, or grease.
- Beds that are made-up with clean sheets, pillowcases, and blankets.
- Clothes washed and put away.
- Dishes washed and put away.
- Food wiped off the table and chairs after every meal.
- No bugs or flies in the house.
- No trash inside or around the house.

Sometimes it is difficult to get everyone in the household to participate in household cleaning chores. Use the following script for discussion.

Script: 1. How do you get everyone to help?

- Talk it over.
- Decide on a plan—what must be done, when will it be done, and who will do each job.
- Make it fun to help—give rewards such as special playtime, or extra TV, or play a game with a child, or read a book. Can you think of any others?
- Give a compliment and/or a hug.

2. What are the jobs that only adults should do?

- Wash, mend clothes.
- Clean, defrost refrigerator.
- Change sheets on beds.
- Clean closets, cupboards, and dressers.
- Move furniture.
- Turn mattresses.
- Wash windows.
- Mop floors.

3. What are jobs that children can help do?

Younger	Older
• Set and clear table.	• Wash dishes.
• Empty wastebaskets.	• Straighten and clean room.
• Help with dishes.	• Help mop floor.
• Pick-up things.	• Help wash windows.

4. What are the jobs that everyone can do?

- Straighten room.
- Wash sink and tub after each use.
- Put things away.
- Hang-up clothes.
- Put away clean clothes.

5. Go over family housekeeping plan.

Michigan State University Extension Home Economics Fall 1991

MANAGING YOUR MONEY

by Ann Nieuwenhuis, Extension Home Economist, Kalamazoo County and
Irene Hathaway, Extension Specialist, Family Resource Management,
Cooperative Extension Service,
Michigan State University

What do you wish you could do with your money?

Get some special things for your family or yourself? Have enough for food the entire month? Get bills paid up? Feel in control of your money—know where it goes, get what you really want when you spend?

Contents

Part 1...Danger Signs in Money Management.

Find out your money management problems and start record keeping with the *Managing Your Money* calendar.

Part 2...What's Important to You?

Understand how values influence choice making.

Part 3...Spending for the Future.

Identify your family's money goals.

Part 4...Financial Fitness.

Develop a family budget.

Part 5...Use Credit Wisely.

Understand different sources of credit , how to read and interpret credit contract and credit card bills and check your use of credit.

Part 6...Decision, Decisions.

Compare credit sources and evaluate rent-to-own.

Part 7...Shopping Basics.

Understand how to stretch your food budget and make food choices.

Part 8...Improving Your Family's Security.

Develop a savings plan and select the best savings options for your family.

Part 9...Your Checking Account.

Learn how to use a checking account.

Part 10...Cleaning on a Shoestring.

Make low-cost cleaners and learn easy ways to keep your home clean.

Part 1...Danger Signs in Money Management

Money has incredible power over people. Extra money can bring happiness. Not enough can cause depression. Unfortunately, all too often there is not enough money. Many people find it difficult to talk about their finances.

But if you have ever:

- wondered where your money went, run out of money before the end of the month, or
- borrowed from Peter to pay Paul....

then this budget series is for you.

At one time or another, everyone has money problems and feels backed into a corner. Watch for these danger signals:

- You are getting past due notices.
- You don't have enough money for unexpected expenses.
- Your family has frequent arguments about money.
- You are borrowing to pay for items you used to pay for with cash.
- You must dip into savings to pay bills.
- You always pay only the minimum amount on charge accounts.
- You rely on extra income to pay bills.
- You are unable to save money.
- You are not sure of how much money you owe.

Finding your problems—

Sometime or other, everyone has money problems. Complete the following checklist to help pin-point any major money problem within your household.

Check your problem area	Often	Sometimes	Seldom	Never
1. Do not have enough food to last until there is money to buy more.	❑	❑	❑	❑
2. Get behind on the rent or house payment.	❑	❑	❑	❑
3. Cannot buy special things my kids want.	❑	❑	❑	❑
4. Do not have enough money for dentist, doctor, or medicine.	❑	❑	❑	❑
5. Am in danger of having gas or electricity turned off.	❑	❑	❑	❑
6. Are not able to meet large bills.	❑	❑	❑	❑
7. Cannot afford to keep household equipment and appliances in running order.	❑	❑	❑	❑
8. Cannot afford to buy new shoes or clothes.	❑	❑	❑	❑
.9. Cannot save to have something to fall back on.	❑	❑	❑	❑
10. Am afraid to answer the phone or door because it might be a bill collector.	❑	❑	❑	❑
11. Have trouble keeping track of the way the money is spent.	❑	❑	❑	❑
12. Am not satisfied with the way family money is spent.	❑	❑	❑	❑
13. Someone else spends the money before I can get hold of it.	❑	❑	❑	❑
14. The money is lost, stolen, or taken from my purse before I can spend it.	❑	❑	❑	❑
15. Furniture, appliances or other things have been repossessed.	❑	❑	❑	❑
Total				

Scoring instructions

Each check on the problem checklist has the following value:

often	= 3 points
sometimes	= 2 points
seldom	= 1 point
never	= 0 points

Add up all of your check marks and give each one a point value.

Example:

6 often	(6x3) = 18
5 sometimes	(5x2) = 10
2 seldom	(2x1) = 2
2 never	(2x0) = 0
Total points	= 30

Sub totals

# often	_____ x 3 =	_____
# sometimes	_____ x 2 =	_____
# seldom	_____ x 1 =	_____
# never	_____ x 0 =	_____

Final total _____

If your total points fall between 35 and 45, you may need to see what can be done immediately—*emergency action*. First look for help both inside and outside your family. For example, if you are in danger of having the gas or electricity turned off, behind in the rent, or don't have enough food, these are emergency situations. If someone else spends the money or it is lost or stolen, then you need to take some immediate steps to safeguard your money. If you can't pay the bills or are behind in payments, you need to contact your creditors and work out new terms.

If your score falls between 20 and 34 points, you *need to watch*. Your family has most things under control but occasional money problems occur. Record keeping and planning will show where there might be leaks in your money management.

If your total is below 20 points, you are a family that is in *control* but may not be saving or happy with where your money is going. Budgeting for you means looking at your financial goals and seeing if changes can be made. Record keeping will help show leaks in your spending and decisions that can be changed.

When it's time to pay the bills, it's fun to dream about winning the lottery, but that's not really helpful. The answer is—*a budget*. The word *budget* sounds negative to many people, but it should be just the opposite. Budgets allow people to spend money on things they want and need. Paper and pencil budgets are best! When you write things down, you begin to see where your money goes. This helps you make changes in how you spend money.

Managing your money—

What do you wish you could do with your money? Get special things for your family or yourself? Buy enough food for the entire month? Get bills paid up?

If you are tired of wondering where your money goes each month, try our *Managing Your Money* work sheets.

Managing your money...it's not as hard as it sounds. It makes life easier for you and your family. When you manage your money, it means you are able to buy the things you really need plus some things you want.

You can control the use of your money better if you work out a realistic spending plan for your family. You can begin to manage your money by using our work sheets. These calendars are designed to help you see how you spend your money. The work sheets become a monthly record of your bills.

Our money management work sheets—

With these work sheets you will create a plan for the future. You can look ahead for a month on paper and see if you will have enough money to pay your bills. If not, you have time to make some choices and decisions and control your money. See our example work sheets on the next three pages and then use the blank work sheets for the next three months.

After completing *Managing Your Money* work sheets for one month, answer these questions:

- How have you been spending your money?
- Could you have made better use of your money?
- What different choices would you make now?

Step 1 - Where, what and how much do we owe?

After calculating all mothly debts, include the total of the monthly payments on loan and credit card lines in Step 2.

Write in all debts including time payments, credit cards, loans, etc.

Where — (Place owed to)	**For what — (Items)**	**How much**		
		Total Debt	**Monthly Payment**	**Due Date**
Sears	clothing	$300	$15	17th
Penneys	bedding	$200	$15	20th
	TOTAL	$500		

Step 2 - Fixed Expenses—

If you're like most people, you have already promised some of your income to monthly payments. Begin by writing down your fixed expenses such as rent, heat, electricity and telephone. Add any other monthly bills you need to pay.

As you pay each bill during the month, write in the actual amount under the column, Amount spent. At the end of the month you will have a record of exactly what you spent.

Month October 19 91 **And Record of Spending**

	Date Due	Planned Amount	Amount Spent
Housing: Rent or Mortgage Payment	1st	$300	
Time Payments: Car	5th	$150	
Major Purchases			
Loans			
Other			
Credit Cards		$30	
Dues: Union, Club			
Utilities: Heat	8th	$35	
Electricity	5th	$45	
Gas			
Phone	15th	$20	
Water, Sewer			
Garbage	1st	$5	
Child Support/Alimony			
Occasional Expenses Due This Month			
Other Save for occasional expenses for next 3 months		$115	
Other			
		TOTAL	

Step 3 - When are monthly bills due?—

Next mark the calendar with due dates for your fixed expenses. Get in the habit of looking ahead to see what bills are due. It's important to pay bills on time to avoid late charges. If you mail payments, send the check or money order at least five days ahead of the due date to be sure it arrives on time.

When are monthly bills due?

1. Write the number dates for this month on the calendar below.
2. Write in due dates for debt payments due this month.
3. Write in due dates for other monthly fixed expenses like rent, or utilities.

MONTH October

SUN.	MON.	TUES.	WED.	THURS.	FRI.	SAT.
		1 Rent Trash bags	2	3	4	5 Car Payment Electric bill
6	7	8 Fuel oil bill	9	10	11	12
13	14	15 Phone bill	16	17 Sears	18	19
20 Penneys	21	22	23	24	25	26
27	28	29	30	31		

Step 4 - Occasional big expenses—

Some big expenses come up only once or twice a year. Since they don't come up every month, it's easy to forget them. By keeping a list of what is due for the next three months, you can look ahead. This will serve as a reminder, so you can save ahead for these big expenses.

Most of these occasional expenses are fixed expenses such as insurance premiums, car license or property taxes. A few are controllable expenses such as school cloths, holiday gifts or birthday presents.

For the next three months, write your occasional expenses in the space for that month. Estimate the cost.

OCCASIONAL BIG EXPENSES

Some big expenses only come up once or twice a year. Write the item and estimated cost under the month you'll have to pay it. Do you also expect to spend money for school clothes in Aug/Sept? for Christmas gifts in Nov/Dec? If so, write them in.

Expense		Expense	
Jan	Christmas gifts $75 Car Insurance $150	July	
Feb		Aug	
Mar		Sept	
Apr		Oct	
May		Nov	Thanksgiving dinner $30 Anna's birthday $15
June		Dec	Christmas gifts $75

Step 5 - Controllable expenses—

The next expenses are called controllable expenses since you can control how much you spend. You have to buy food, but you can control what you buy.

Month October 19 91

Class of Expenses	$ Planned Weekly	$ Planned Monthly
FOOD: Groceries, Eating Out, School Lunch, etc.		$225
TRANSPORTATION: Car, Gas, Repairs, Parking, Bus, Taxi, etc.		$25
HOUSEHOLD OPERATIONS: Repairs, Cleaning Supplies, Paper Supplies, Laundry, etc.		$10
FURNISHINGS: Dishes, Towels, Rental of Furniture, etc.		
CLOTHING: Clothing for Family, Repairs, Dry Cleaning, etc.		
PERSONAL and RECREATION: Hair care, Cosmetics, Cable TV, Pop, Tobacco, Alcohol, Sports, Movies, Bingo, etc.		$10
MEDICAL CARE: Doctor, Dentist, Glasses, Hospital or Clinic, Medicine		
EDUCATION: Tuition or Fees, School Supplies, Newspapers, Magazines, Lessons in Music, Dance, etc., Clubs, such as Scouting, 4-H, etc., Other		$15
SPECIAL EXPENSES: Gifts, Contributions, Church, Allowances, Babysitting, Day Care, Savings, etc.		$25
TOTAL		

Step 6 - Record of controllable expenses—

The final step is to record your controllable expenses throughout the month. For the next three months, write down what you spend. This will give you a good understanding of how you spend your money when you budget in the future.

Month October 19 91

FOOD $ Planned 225
groceries, eating out, school lunch, etc.

Date	Items	$
10/1	Groceries	75 00

Part 2...What's Important to You?

Your personal beliefs are called values. Values determine what is important to you and your family.

Values influence many areas of life—moral, spiritual, and economic. Values influence many of our decisions.

> Some values of major importance in our life might include:
> - How to raise our children.
> - What type of job we choose.
> - How we treat people.

List your personal values:

- _____
- _____
- _____
- _____
- _____
- _____
- _____

Which values influence how you spend your money?

- _____
- _____
- _____
- _____
- _____
- _____

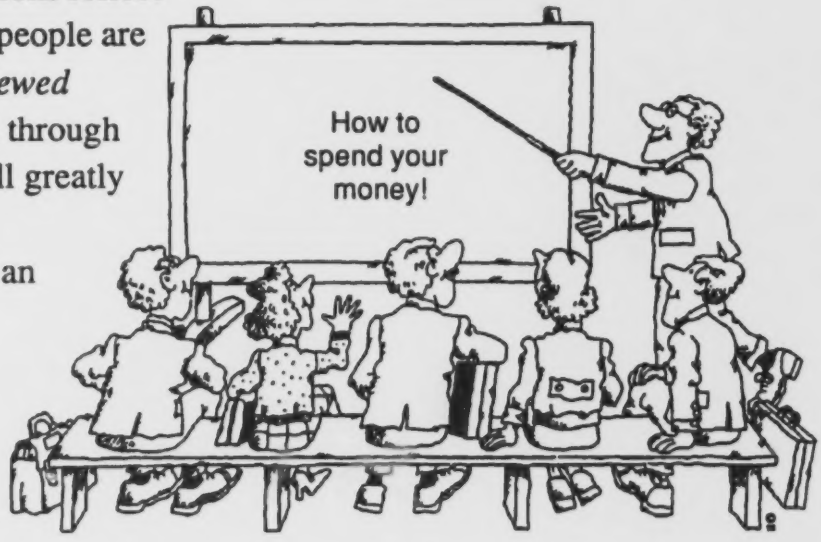
The economic status you grew up in affects your values toward money.

Learning about your money values—

When you were growing up:

- How important was money in your family?
- Were there many material things in your home?
- Did you receive an allowance as a child or a teen?
- Did you have to earn spending money?
- Were money matters discussed in your family?

Answers to these questions reflect differences in the way people are raised. The way you *viewed* money from childhood through your teen-age years will greatly influence your money management values as an adult.



Compare your present lifestyle to your parents:

- Is it the same?
- Is it different?
- Do you handle money the same?

By comparing your family's past and your current money management, you can learn a great deal about yourself. Becoming aware of your values will help you understand how you deal with money. When money is tight, choices must be made. Our values affect these decisions.

Making decisions—

How do you make the best choices for using your money. How do you decide what is important? Let's look at what happens each time you make a choice to spend money.

There are three steps in the choice-making process:

1. *Thinking*
2. *Value judgment*
3. *Choice*

The first step is to *think* over all the parts of the situation. Find out what your choices are first.

Here is an example of how step 1 works. Let's pretend your family is thinking about replacing the black and white TV or buying a washing machine. The problem is that your family can afford to buy only one new item.

This is not your only choice. What other choices do you have?

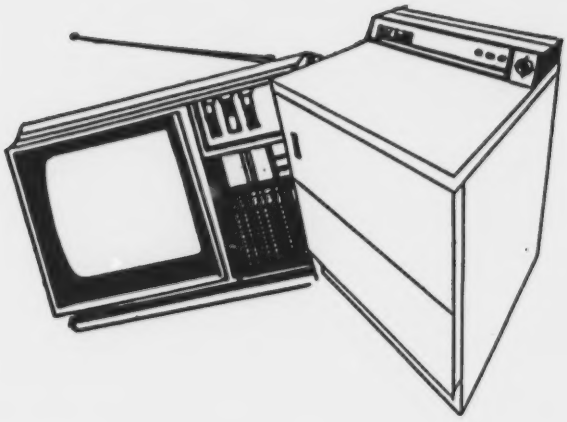
0 _____

0 _____

Your family must first decide what gives them the most satisfaction. Making a choice means giving up other options.

If you decide to buy either the TV or the washing machine, the next step is to decide which brand to buy. You can read about the equipment and talk to friends, relatives and salespersons to get information. Try to find out as much as possible.

Let's make a list together:



Description:	Color TV to replace black & white set • 9 in. screen portable • remote optional	Washing machine to replace laundromat • 12 lb. capacity • available in electric or gas
Advantages:	0_____ 0_____ 0_____	0_____ 0_____ 0_____
Disadvantages:	0_____ 0_____ 0_____	0_____ 0_____ 0_____
Cost	$ 350.00	$ 350.00

After you have compared the advantages, disadvantages, and prices; you are ready for step 2—*value judgment*. When you make a value judgment, you decide which of the choices is better or more important to you.

For your satisfaction, base your decision on your values. If a conflict arises when making a choice, your values will tell you what to do.

Let's go back to the washer and TV. How would you choose? Suppose you decided that your family would benefit more from the washing machine than a color TV. That is a value judgment. You are deciding on one thing (washer) over the other (TV).

Step 3 involves making the *choice*. It means going to the store and making the purchase. Choice is part of family life.

You don't go through this choice-making process every time you make a purchase. Many everyday items are purchased on the basis of past value judgments. This allows you to act on the basis of habit.

For example, at some point in your life you decided to buy Brand X toothpaste. You decided it was the best choice for your family. You will buy this toothpaste until something causes you to change your mind.

Suppose you are given a free sample of a new brand of toothpaste. You try the toothpaste. Your family likes it as well as your regular brand. At the store you find the price to be 23 cents cheaper. What brand will you now buy?

Let's take another situation. Suddenly your income is cut by 25 percent. With less income, your family will need to make choices. Should you cut down on your spending, use your savings, borrow money, or stop paying your bills? This is how the choice-making process works. What different choices would you make?

Let's test these new ideas. Take time to fill out the exercise *Making Choices* on the next page.

Making Choices

List a buying choice you recently made.

0 _____

What made you decide to buy this item?

0 _____ family member
0 _____ friend or associate
0 _____ advertising
0 _____ sale
0 _____ money available
0 _____ other_____

Who was most satisfied with the choice?

0 _____ father
0 _____ mother
0 _____ son
0 _____ daughter
0 _____ entire family
0 _____ other_____

Why?

0 _____
0 _____

If your family buys one item, it gives up the chance to buy other items. What did your family have to give up to buy the chosen item?

0 _____
0 _____

Was the item you chose worth what you had to give up? ❑ yes ❑ no

Now list a purchase you plan to make in the near future.

0 _____

What other ways could you spend that money?

0 _____
0 _____

Which choice will give your family the most satisfaction? Why?

0 _____
0 _____

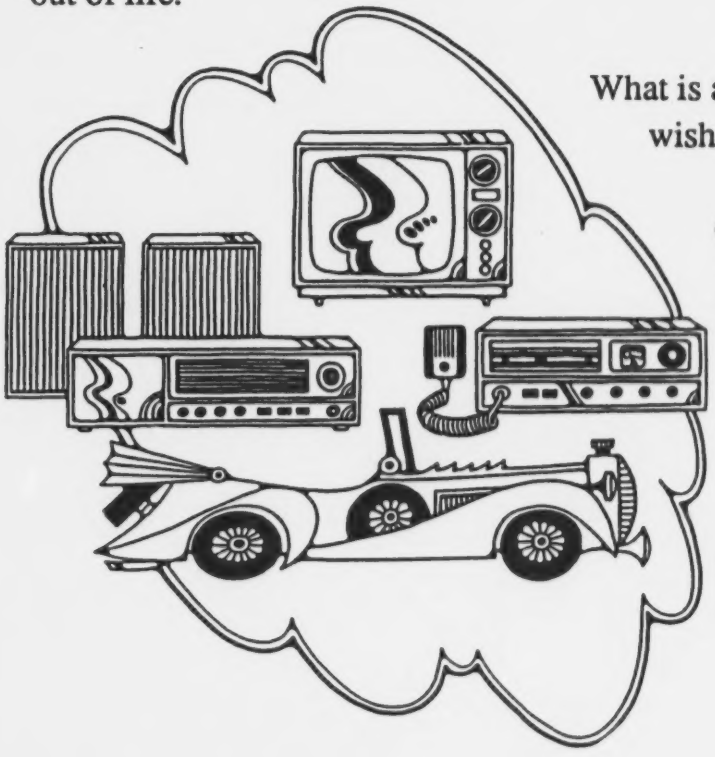
Part 3...Spending for the Future

If you're worried about paying your bills or discouraged about your financial future, you're not alone. Many people share the same concern. Today you can take a big step toward gaining control of your money by setting up a spending plan.

A spending plan is a tool to help you spend money wisely. It helps cut out impulse buying. Most importantly, a spending plan can help you reach your goals.

Goals are an important key to successful money management. Goals guide you. They help your dreams come true within a set time period.

Goals provide a purpose in life. Setting goals will help you get what you want out of life.



What is a goal? A goal is something you wish to achieve.

Goals are things you plan to do now and in the future. Goals can be things you want to own, such as:

- A car.
- A stereo.
- A TV
- A new winter coat.

Goals you want to acomplish—

Goals can be things things you want to achieve, such as:

- Lose 10 pounds.
- Finish school.
- Eat better while pregnant.

You may have many goals that you want to accomplish. Experts recommend working on only two or three goals at a time. This increases your rate of success. When you are happy with your progress on one goal, begin a new one.

How do you set a goal? Let's work on money goals. First look at where you are now. What things do you have today? Then ask yourself:

What do I need?

_____
_____
_____

What do I want?

_____
_____
_____

Are your wants and needs different from each other?

Go back and number your needs and wants in order of importance. Use number 1 for the most important. Your needs and wants are determined by your values. For example, someone who values education might have a goal to save money for school on a regular basis. Someone else might value a nice home and have a goal of new living room furniture.

Developing a plan to reach a goal—

Pick one of your wants or needs. Write down your need or want as a goal. Be as specific as possible. Write down the color, size, brand, etc. Decide what it is you would like. This is called *direction.*

I want or need (pick one)

0 _____

_____

What *resources* do you have to help you reach this goal? Resources are items such as money, time, energy, talent, knowledge, tools, or community facilities. List your resources below.

I know I can accomplish my goal using:

0 _____

0 _____

0 _____

0 _____

When do you want to reach this goal? Establish a date.

I will accomplish this goal by: 0 _____

It's important to set an exact date for reaching your goal. Without a date you will not know how much money to set aside each month.

Begin to work towards your goal today. Picture the goal in your mind. Begin to think of ways to reach the goal.

Once you have developed a plan for accomplishing a goal, write it down. Put it where you'll see it every day, such as on the refrigerator. Read your goal out loud each day.

Steps to achieving your goal—

Goals are achieved one step at a time. Check your progress often. Are you getting closer to your goal? Do you need to make any changes?

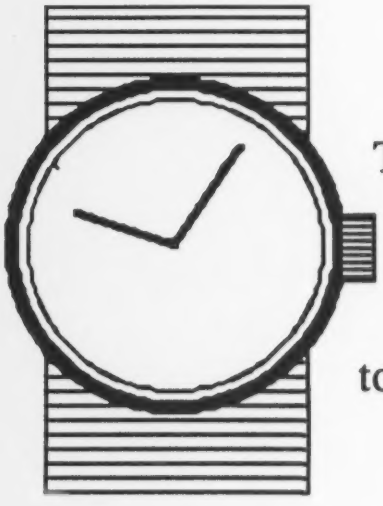
People usually make financial goals for various time periods:

- *short-term* goals,
- *intermediate* goals, and
- *long-term* goals.

Short-term goals cover your basic living needs. Examples are monthly rent and car payments, or an emergency fund to cover small unexpected expenses.

Intermediate goals are things that you want to buy or accomplish in the near future. Examples are a new coat, holiday presents, or a color TV.

Long-term goals are things you want in five years or longer. Examples are buying a home, paying for college, or making home improvements.



Take a few minutes to think about your goals. What do you want to buy this year? Next year? Where do you want to live? What job do you want?

Listing financial goals—

List some of your most important financial goals.

Short-term goals (next few months)

Example:
What?—Start a savings plan.
How?—Save $5 every week.
When?—Starting with paycheck this week.

Your plan:
What? 0 _____
How? 0 _____
When? 0 _____

Intermediate goals (within the year)

Example:
What?—Buy a new chair for the living room.
How?—Shop for chairs and estimate furniture prices, check for sales and save enough each month to have the amount needed in eight months.
When?—Start next month.

Your plan:
What? 0 _____
How? 0 _____
When? 0 _____

Long-term goals (next five years)

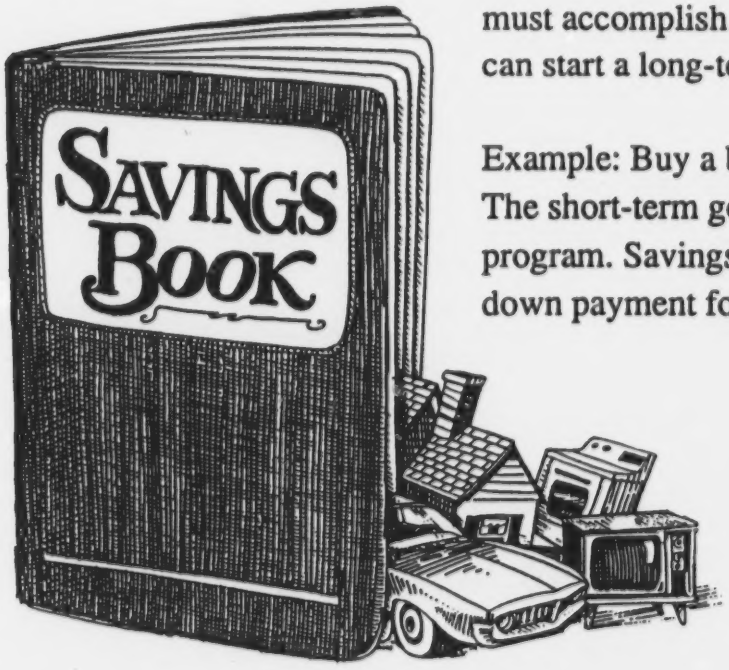
Example:
What?—Buy a car.
How?—Save for down payment and determine how much can be paid on a loan monthly.
When?—In 3 years.

Your plan:
What? 0 _____
How? 0 _____
When? 0 _____

Reviewing your goals—

Review your goals and be realistic. Can you reach these goals? What changes must you make to reach these goals?

Goals must not only be established, they must be prioritized. Number your goals in the order in which you hope to reach them.



Often goals fit together. For instance, you must accomplish a short-term goal before you can start a long-term goal.

Example: Buy a better car (long-range goal). The short-term goal is to starting a savings program. Savings will then be used as the down payment for a better car.

All your family members spend money and have resources and goals. Planning together ensures that no one is left out. This strengthens family relationships.

Children can be involved when they are old enough to understand money. This is a great way for them to learn about money management. This may make it easier for them to understand why some wants are not fulfilled.

Try the next goal-setting exercise with your whole family. (Planning and money management should be a team effort.)

Planning goals with your family—

Goal-setting exercise for the whole family:

Short-term goals (next few months)

Your family's plan:

What? 0 _____

How? 0 _____

When? 0 _____

Intermediate goals (within the year)

Your family's plan:

What? 0 _____

How? 0 _____

When? 0 _____

Long-term goals (next five years)

Your family's plan:

What? 0 _____

How? 0 _____

When? 0 _____

You may want to write down some thoughts on the following lines about how the family planning exercise went and any other ideas you might have for making future family-goal plans.

0 _____

0 _____

0 _____

0 _____

Part 4...Financial Fitness

How can you control the use of your money better? By investing time and effort in designing a practical spending plan. Today, step by step, you can develop that spending plan.

Determine the amount of money you actually have to spend. Use the form below to add up the amount. Enter the amount from each source in the column according to the number of times it's paid.

If it's paid weekly, multiply the amount by 4 to get the monthly total in the right-hand column. If it's paid every two weeks, multiply by 2 and record the total amount.

Add up all of your totals in the right-hand column. The total at the bottom is your total income for the month.

Sources of income	Amount (weekly)	Amount (every 2 weeks)	Amount (monthly)	Total income
Wages (take home pay for adults)				
Children's wages				
Social Security				
Unemployment benefits				
Welfare payments				
AFDC				
Child support payment				
Other				

Total income for the month _____

Figuring your expenses—

Last month, you kept track of your fixed and controllable expenses on a money management calendar.

- Fixed expenses are those costs you always have.
- Controllable expenses are costs that you can, to some degree, spend more or less on.

Now let's look at your *Managing Your Money* calendar. Fill in the form below using the information from your calendar. Follow the next 3 steps.

1) Enter the total from the column *dollars paid* from your fixed expenses.
2) Enter the total from the amount in the far right-hand column from your controllable expenses.
3) Add these two figures together. This is the total amount you spent this past month.

1) Fixed expense	$ _____
+	
2) Controllable expenses	$ _____
3) Total dollars spent in month	$ _____

In the form below, write in your total monthly income. Subtract your total dollars spent from step 3 above.

Income for month	$ _____
—	
Total spent	$ _____
Amount left	$ _____

Taking a closer look at your expenses—

Did you have money left over? Are you going to use it toward a big bill, make an extra payment, save it or buy something special your family needs?

Or did you spend more than you planned, in spite of your best intentions? Did you run out of money before the end of the month? Don't get discouraged. If your expenses are more than the amount of money coming in, then you need to make some changes.

Let's look at your expenses. Where could you have spent less? Are there some expenses you could eliminate? Include the whole family when making these decisions. If more money seems to be the solution, think of ways to increase your income.

Here are 10 cost-cutting ideas, ways to spend less and still get the things that you need to live. Try to think of at least one way that you could try each of these ideas for your family. This will help your dollars go further.

1. *Don't buy it*—ask yourself if you really need this item.
2. *Borrow it*—especially something you don't need very often.
3. *Share it*—share items and skills with family and friends.
4. *Substitute it*—ask yourself if something at a lower price would do the job almost as well.
5. *Use it wisely*—make the things you buy last longer by taking care of them.
6. *Find the best buy*—check the advertisements and coupons in newspapers and magazines.
7. *Make it*—if you can do it cheaper.
8. *Rent or hire it*—if you won't use it much.
9. *Find it free*—check classifed section in newspapers and shopping guides, check church bazaars, clothing banks, flea and swap markets.
10. *Trade*—things and skills for what you need.

Be the boss of your money! Begin today by taking time to develop a spending plan. The purpose of a spending plan is to help your family direct the money that you have to spend to meet your goals.

A spending plan is a tool to help you spend money wisely and reach your goals. It can help you cut out impulse spending, stretch the money you have, and give you more for that money.

Now that you know your expenses and income, you can plan how to spend next month's money. Remember, your values and goals will help you decide how to spend your money.

Use the spending plan included and estimate your expenses, both fixed and controllable. Keep track of your expenses again for the next month. And then see how you did.

A spending plan is just a guide. It should be reviewed, now and then, to see how it's working. Make adjustments if necessary.

Now that you know how to plan and have completed your plan, you can get more for your family's money.

Adapted from

Field, Anne, and Hathaway, Irene (1984). *Managing Your Money.* Extension Bulletin E-1778, Michigan State University.

Part 5...Use Credit Wisely

When you use credit, you agree to receive cash, goods, or services now and to spend a portion of your future income.

Credit used wisely can be a valuable resource for your family. Used carelessly, credit can rob your family of financial security. Credit payments take a *bite* out of your future income.

Should you use credit?

Reasons for using credit	Reasons for not using credit
• You can buy things when you are short of cash.	• It costs more than paying cash.
• You can use things while you pay for them.	• You may buy things you don't really need.
• You can buy things on sale if you don't have cash.	• You could buy more than you can pay for.
• You can make major purchases.	• You may not shop for the best buy.
• You can meet emergencies.	• You may agree to terms that you cannot afford if you don't understand the contract.

Adapted from: Varcoe, K. and Costell, C. *Credit: Do's and Don'ts*, University of California Cooperative Extension, 1989.

Looking ahead—

There are risks to think about because the future is unknown. Think about things that might happen if you use credit. Try to plan ahead.

- What if you get sick or have an accident—could you still make the payment?

- Is it worth losing the money I have paid if I miss a payment or cannot finish paying for an item?

- Do you want to risk repossession, a bad credit rating, or legal action if you cannot pay for all of the item?

Lenders look for three things before they give credit:

1. *Capacity*—Are you employed and can you continue to work? Can you afford to pay a loan back?

2. *Collateral*—Do you own something of value? Will you pledge this item to guarantee payment? If the loan is not paid, the lender collects the collateral.

3. *Character*—How honest and trustworthy are you? Are you willing to pay the loan back? Banks, stores, and other lenders will not give credit if they think you won't pay them back. You are a good credit risk if you:

- Pay your bills on time.
- Don't have too much debt for your income.
- Receive a regular paycheck.

Your credit rating is the measurement of how well you pay your bills and the amount of additional debt you can handle. There are laws that protect

your equal credit opportunity.

➡ You may not be denied credit because you receive public assistance.

No one can be denied credit because of:

- Sex.
- Marital status.
- Race.
- National origin.
- Religion.
- Age.

Types of credit—

The major types of credit include:

Installment Loan—Used mainly for making major purchases such as a car or large appliance. It is paid off in two or more payments at regular intervals over a period time.

Credit Card—A plastic card issued by a creditor that allows a consumer to charge goods and services. Many credit cards can be used at a wide variety of retail stores, restaurants, and service providers.

Charge Account—A form of credit whereby the store finances your purchases. The credit card issued often may be used only at that particular store.

Layaway—A purchase plan which allows consumers to have a store set aside an item while they make payments on it. When the item is paid for, the customer can take it home.

Where to get credit—

Sources	Types of Credit	Qualifications
Bank	• Cash loans—major purchases • Credit cards.	• Be a good risk. • Have enough collateral.
Savings and loans	• Cash loans—major purchases. • Credit cards.	• Be a good risk. • Have enough collateral
Credit unions	• Cash loans—usually at a lower interest rate than other major lenders offer. • Credit cards.	• Become a member. • Pay a membership fee.
Finance companies	• Cash loans are offered at a much higher rate than other lenders offer because of the number of high-risk borrowers.	• Not necessary to be a good risk • Offer loans to high-risk borrowers, people who have a history of not repaying past and/or current debts.
Stores	• Credit cards. • Charge accounts. • Layaway.	• Be a good credit risk.

☞ Sometimes people are desperate to borrow money. Sometimes credit can be found with pawn brokers and illegal lenders—loan sharks. This is very risky. Interest charges are very high. Credit will cost you money!

The cost of credit—

Remember to compare the cost of credit from various sources to find your best deal

The cost of credit is based on several things.

- How long you will have the loan.
- The interest rate.
- Other charges, such as a fee paid by a borrower for the privilege of using credit.

Before you buy *on time* or borrow money, find out how much it will cost you. Using the following items will help you make a wise credit choice.

➡ Before you sign the credit contract read and study it throughly.

A credit contract must include:

- The amount of the loan.
- The annual interest rate (APR).
- Date when payments are due.
- Payment amount.
- Down payment, if any.
- Terms if payment is late or missed.
- Name and address of lender.

Ways to reduce the cost of installment credit:

- Make a large down payment.
- Borrow the least amount possible.
- Find the lowest interest rate.
- Arrange for the highest monthly payment you can afford.
- Pay back the loan sooner—make extra principal payments.
- Always pay your bills—don't skip them or pay late.
- Use credit only when necessary.

Looking at an installment loan contract—

Consumer Credit Disclosure Form for Credit Unions

Credit Union Name and Address

ABC Employees Credit Union

Acct # 2742

Mary Doe
Borrower's name

Property Insurance

Property Insurance, if written in connection with this loan,may be obtained by borrower through any person of his choice.

Security interest
The Security Agreement will secure future or other indebtedness and will cover after acquired property

This loan is secured by a Security Agreement of even date covering
( ) Motor Vehicle
Make_____
Ser.#_____
( ) Household goods & appliance of the following description
_____
_____
_____.
( ) Other (Describe) _____
_____
_____.

This loan is secured by your shares as provided by the by-laws.

Late Charges

The following charges may be applied if the loan is not paid as scheduled:_____
_____
_____

Number of payments	Amount of payments	Date of 1st payments	Frequency
18	25.00	4/1/91	Biweekly
1	22.50		

I request that $_____from the proceeds of this loan be placed on my savings.

_____
Initials of Borrowers

Proceeds		$ 450.00
Other charges (itemize)		
_____		$_____
_____		$_____
_____		$_____
Less:		
Prepaid finance charge	$_____	$_____
Required deposit Balance	$_____	$_____
Total prepaid Finance charge & Required deposit balance		$_____
Amount Financed		$ 450.00
Financed charge (when loan is paid according to schedule)		$ 22.50
Total payments		$ 472.50
Annual percentage rate		12%

I acknowledge receipt of a copy of this statement

_____
Signature of Borrower

March 1, 1991
Date

_____
Witness

Answer these questions—

1. What is the total cost of credit? This should include the amount borrowed, the interest and any service charges.

0 _____

2. What is the amount of each payment?

0 _____

3. How many payments are there?

0 _____

4. When are the payments due?

0 _____

5. What happens if a payment is lost or missed?

0 _____

Before signing a contract, be sure you can answer all of these questions. Also, remember the following points.

- Never sign a contract with blank spaces.
- Get a copy of what you sign. By law, it's your right.
- Be sure your copy is just like the seller's copy.
- Keep your copy in a safe place. You may need it for legal reasons later.

A contract is a legal document! You are responsible for whatever you sign. Don't let someone talk you into *a real deal*. Remember your signature is very valuable—use it wisely!

Charge account agreements—

Before you can open a charge account or receive a credit card, you will have to sign a credit agreement. The agreement is a legal contract that tells you the rules you must follow when you use the account.

A sample credit agreement is shown below. Read it carefully. Look for the number for each section on the next page. It tells you more about each part of the agreement.

Credit Agreement

1➡ In consideration of credit extended to me, I agree to pay all purchases made on my Charge Account in accordance with the following items.

1. If the *New Balance* shown on my monthly statement is paid in full within one month of the *Billing Closing Date* shown on that statement no Finance Charge will be added for the monthly period in which I make such change.

2➡ 2. If I do not choose to pay the *New Balance* in full, a monthly Finance Charge will be added to my account and I agree to make minimum monthly payments as follows:

When my balance is:										
Under $10.00	$ 10 100	$101 $150	$151 $200	$201 $250	$251 $300	$301 $350	$351 $400	$401 $450	$451 $500	Over $500
3➡ My minimum payment for that month will be										
New balance	$10	$15	$20	$25	$30	$35	$40	$45	$50	1/10 of Balance

4➡ I may pay more each month than the minimum and thereby reduce the amount of the Finance Charge.

5➡ 3. The Finance Charge is determined by applying a periodic rate of 1.5% per month (annual percentage rate 18%) to the first $500 of the *Previous Balance* and 1% per month (annual percentage rate 12%) to such balance in excess of $500. There is a minimum Finance Charge of $.50. The *New Balance* may be paid in full at any time. To avoid Finance Charges, full payment of *New Balance* must be received by the *Due Date* shown.

6➡ 4. If I fail to make any payment when due, you may declare my entire balance due and payable.

7➡ 5. You are authorized to investigate my credit record and report to proper persons and Bureaus my performance of this Agreement.

Notice

8➡ Any holder of this consumer credit contract is subject to all claims and defenses which the debtor could assert against the seller of goods of services obtained pursuant hereto or with the proceeds hereof. Recovery hereunder by the debtor shall not exceed amounts paid by the debtor hereunder.

NOTICE TO BUYER

9➡ 1. DO NOT SIGN THIS AGREEMENT BEFORE YOU READ IT OR IF IT CONTAINS BLANK SPACES.
2. YOU ARE ENTITLED TO A COPY OF THIS AGREEMENT. KEEP IT TO PROTECT YOUR LEGAL RIGHTS.
3. YOU HAVE THE RIGHT AT ANY TIME TO PAY THE FULL AMOUNT DUE WITH INCURRING ADDITIONAL FINANCE CHARGES. KEEP A COPY OF THIS AGREEMENT FOR FUTURE REFERENCE.

10➡ _____
Customer Signature

Understanding the Charge Account Agreement --

1 If you pay your bill in full each month, you will not have to pay any finance charges on what you buy.

2 If you do not pay the entire bill, you agree to pay a minimum payment plus a finance charge.

3 It tells you how much your minimum payment will be, depending on your balance (the total amount of your bill). For example, if your balance is $45, your minimum payment is $10.

4 If you want to pay more than the minimum, you may do it. This will cut down on the finance charge you pay.

5 If your balance is $500 or less, the finance charge is 1 1/2 percent every month, or 18 percent a year. If you owe more than $500, the amount above $500 has a finance charge of 1 percent a month, or 12 percent a year.

6 If you don't keep up your regular payments, the store can ask you to pay your whole bill right away.

7 The store can ask a credit bureau about your credit record and can report to a credit bureau about you.

8 If the store were to sell your credit agreement to another company, you would not give up any of your rights. You could still complain about faulty merchandise, for instance, or stop making payments on a defective item while you work out the problem.

9 This section tells you not to sign the agreement unless you understand it and it is completely filled in. It tells you to keep a copy of the agreement for your files.

10 Here's the place where you sign. If you understand what this credit agreement means, you sign on this line.

Managing credit cards—

The use of credit cards for everyday purchases is quite common. However, the ease of using credit cards also makes it necessary to be careful.

In Michigan, the highest legal annual percentage rate of interest for store credit cards is 20.4%. The highest rate for credit cards from financial institutions is 18%. These rate apply to cards issued by a Michigan company. Credit cards from financial institutions from other states may have a higher interest rate.

Here are some tips that can help you manage your credit cards wisely.

1. Be organized. Pay your bills on time.

- Save credit slips received at the time of purchase and compare with the monthly bill statement. Check for errors.
- Place bills in a safe place and mark due dates on your calendar.
- Specify a certain date to pay bills.
- Save bills to check for possible billing errors.

2. Have a list of credit card account numbers. Keep this record in a safe place. If your credit cards are lost or stolen, use the information on this list to call, and then write, all the card companies.

3. Know what action to take in case of billing errors. Companies are required to explain what to do. Look on the back of your bill for information.

4. Avoid temptation. Though it may be very easy to buy things on credit, don't be tempted unless you can afford to pay for the item. You will be asked to pay for the goods within about 30 days. If you can't pay the full amount, you will be charged interest. Also, don't be tempted by product ads that come with your

bill. Be sure to compare prices elsewhere *before* you buy.

5. If you have had credit problems in the past and find it difficult to obtain a national credit card, some financial institutions now offer secured credit cards. With these cards, you must deposit money in a savings account. Your credit card limit will either be the exact amount of the money in the account or something above that amount. Many of these cards are issued by financial institutions outside Michigan and have a higher annual interest rate (APR) than is legal in Michigan. You must determine whether a secured credit card is your best option.

Credit card billing

Look at the following credit card bill from a department store and then answer the questions.

DAYTON • HUDSON
DEPARTMENT STORE
COMPANY

Account	Type	Minimum due	New balance	Amount paid
Option	10	53.00	260.53	
		Total 53.00	Total 260.53	Total

Mail this portion with your payment

30005300002605310432046332 11

Hudson's
700 on the Mall
Minneapolis, MN
55472-0100

Billing date
03-13-91

42363-1H

Indicate any address changes in this area

Address_____
City_____ State___ Zip_____
Phone #

Mail payment by	Billing date
04-08-91	03-13-91
To insure it is received by 04-13-91	

Account	Type	Previous balance	Charges	Payments/credits	Finance charges	New balance
Option	10	25.99	260.53	25.99		260.53

Account	Type	Annual Percentage rate	Periodic rate	Computed on the avg. daily balance	Amount past due	Minimum due includes amount past due
Option	10	20.4%	1.70%	0.00		53.00

To avoid additional finance charge, payment of your new balance must be received by: 04-13-91

10261 Notice: See reverse side for important information.

HUDSONS
DAYTON • HUDSON
DEPARTMENT STORE
COMPANY
A division of Dayton-Hudson Corporation

Answer these billing questions—

1. What is the closing date on this account?

   _____

2. Was there a previous balance? If so, how much?

   _____

3. Was there a finance charge? How much?

   _____

4. What is the minimum payment amount due for this month?

   _____

5. When is this amount due?

   _____

6. If it's not paid off in full this month, what would the percent of the finance charge be? How would the finance charge be calculated?

   _____

Part II - Look at Your Current Financial Health -

Yes ❑ No ❑ 1. A creditor is currently taking legal action against me.

Yes ❑ No ❑ 2. I have received a threat of legal action from one or more of my creditors.

Yes ❑ No ❑ 3. Part of my wages or salary is deducted to pay a wage assignment.

Yes ❑ No ❑ 4. I am receiving past-due notices on my charges or bills.

Yes ❑ No ❑ 5. I have to take out new loans to pay off old one -- such as bill consolidation loans.

Yes ❑ No ❑ 6. In order to pay my rent, utility or grocery bills, I have to skip installment payment or take out loans (borrow money)

Yes ❑ No ❑ 7. I am behind on my rent or mortgage.

Yes ❑ No ❑ 8. I am behind on my utility payments.

Yes ❑ No ❑ 9. I have seriously consider filing for bankruptcy.

Yes ❑ No ❑ 10. I do not have health insurance.

Yes ❑ No ❑ 11. I do not have automobile insurance.

Yes ❑ No ❑ 12. I am behind on one or more of my installment payments.

Yes ❑ No ❑ 13. I have been turned down for a loan or other credit.

Yes ❑ No ❑ 14. I have now charged up to the limit on one or more credit cards.

Yes ❑ No ❑ 15. I am paying only the minimum amount due each month on one or more credit cards.

Yes ❑ No ❑ 16. I frequently rely on the automatic-loan overdraft protection of my checking account.

Yes ❑ No ❑ 17. Items and services that I used to buy with cash, I now buy on credit.

Yes ❑ No ❑ 18. In order to pay current bills, I have cashed in non-matured certificates of deposit or savings bonds.

Yes ❑ No ❑ 19. I do not know how much I owe on all my outstanding debts combined.

Yes ❑ No ❑ 20. I do not know how much my total monthly payments are on all my debts combined.

Yes ❑ No ❑ 21.Members of my household and I frequently argue about money.

Yes ❑ No ❑ 22. I frequently worry about money and money problems.

Yes ❑ No ❑ 23. My monthly mortgage (or rent) plus utilities is more than 40 percent of my take-home pay (net income).

Yes ❑ No ❑ 24. In order to pay current bills, I have taken money out of my savings account.

Yes ❑ No ❑ 25. I have less than one month's net income in savings or other liquid assets.

Scoring

1. Score 3 points for each Yes answer on questions 1 - 11 = _____

2. Score 2 points for each Yes answer on questions 12 - 22 = _____

3. Score 1 point for each Yes answer on questions 23 - 25 = _____

4. Add your score here:

0<	>13<	>26<	>58<
	Financial problems corrective action required	**Severe problems Corrective action important Financial counseling recommended.**	**Very to extremely severe problems Immediate action and financial counseling essential**

Adapted from: Waddell, Fred E., *Profile of Your Financial Health*, Financial Counseling Training Manual, 1989.

If you can't pay your bills—

There are some things you can do if you are having difficulty paying your bills.

1. Talk with your family. Agree to stop spending until you are out of this crisis. This may mean closing charge accounts and not using credit cards.

2. Contact your creditor(s) and explain your situation. You and your creditor(s) may be able to work out a plan that will help you pay your bills.

Ask if you can reduce your payment for some period of time. Get this agreement in writing.

3. Seek help from a Credit Counseling Centers, Inc., a nonprofit family financial counseling service or from your county Cooperative Extension Home Economist.

Take some time to do the exercise on the next page to see how well you manage credit. This exercise will help you determine if you control your credit or it controls you.

Each time, before you buy something on credit, ask yourself the questions from the Credit Control Exercise.

If You Use Credit, How is Credit Buying Affecting Your Budget?

It is easy to overspend when you buy or borrow money *on time*. Each payment usually does not seem like much, but when you add them up, but..WOW!

Sometimes it seems like a credit monster is destroying your budget. Credit buying can hurt your family's financial security.

Let's see if your spending habits are harmful? Answer *yes* or *no* to the following questions.

Yes ❑ No ❑ 1. Do you hide bills from your partner?

Yes ❑ No ❑ 2. Do you sneak purchases into the house so no one will know you were shopping?

Yes ❑ No ❑ 3. Do you shop to cheer yourself up?

Yes ❑ No ❑ 4. Do you shop to get even with your partner when you've had a fight?

Yes ❑ No ❑ 5. Do you feel a "rush of emotions" when you shop?

Yes ❑ No ❑ 6. Do you get sad when you finish shopping?

Yes ❑ No ❑ 7. Do you buy things you don't need or can't afford because they are on sale?

Yes ❑ No ❑ 8. Do you have unused items hidden in your closet? Are they still in the bag with the price tags on?

Yes ❑ No ❑ 9. Do you buy something just because your friends bought one?

Total yes_____ Total no_____

If you answered *yes* to three or more of these questions, chances are your spending habits could be improved.

What can you do—

If you want to change your spending habits, there a many ways to change how you do things.

1. Recognize that your spending habits are harmful. You might think your spending habits are OK at first..but later they cause problems.

2. Realize that compulsive spending is a habit. Habits are controllable.

3. Begin to change that habit.

- Start a hobby.
- Become more active at church or school.
- Watch less TV—that way you watch less ads that say *buy me*.
- Avoid activities that make your spending worse like *just looking* at the mall.

4. Review your family's goals and, if necessary, set new goals. Keep track of your progress.

5. Take time to reward yourself when you avoid an impulse to buy something you don't need or afford.

Credit control exercise—

Before making a credit purchase, ask yourself these questions:

Yes ❑ No ❑ 1. Do I need it now?

Yes ❑ No ❑ 2. Is it worth the extra credit cost to have it now?

Yes ❑ No ❑ 3. Is it worth the risk of losing the money I have put into it if I don't meet the payments?

Yes ❑ No ❑ 4. Will this purchase help my family reach a goal?

Yes ❑ No ❑ 5. Is the interest cost reasonable?

Yes ❑ No ❑ 6. Will I still be using the item when I have finished paying for it?

Yes ❑ No ❑ 7. Will this item meet with family approval?

Yes ❑ No ❑ 8. Am I buying from a fair and honest person or firm?

Yes ❑ No ❑ 9. Can I buy it without counting on a future raise to pay it off?

Yes ❑ No ❑ 10. Is my use of credit cards reasonable to me?

Yes ❑ No ❑ 11. Do I make payments on time?

Yes ❑ No ❑ 12. Have I been able to pay charge bills in full and thus avoid finance charges?

Yes ❑ No ❑ 13. Can I make these payments without skimping on necessities?

Yes ❑ No ❑ 14. Do I have an emergency fund to take care of unexpected expenses?

Yes ❑ No ❑ 15. Is my credit good enough so that I can borrow in case of illness or emergency?

Yes ❑ No ❑ 16. Is my job secure and health good?

Yes ❑ No ❑ 17. Have I avoided dipping into savings to meet regular expenses?

Yes ❑ No ❑ 18. Am I always honest with my partner (or self) about my spending?

Yes ❑ No ❑ 19. Do I avoid borrowing to pay off other debts?

Yes ❑ No ❑ 20. Do I always pay my rent and utility bills when they are due?

Yes ❑ No ❑ 21. Is what I own greater than what I owe?

Total yes_____ Total no_____

Part 6...Decisions Decisions

You need a new refrigerator. You could repair the old one and start saving for a new one. Perhaps you could buy a new one on credit, but you've been hearing about the great deals at rent-to-own stores.

The ads tell you that rent-to-own offers:

- Quick delivery with no down payment.
- Low payments weekly.
- Free repairs, and most importantly
- *No credit check.*

It sounds pretty good...maybe too good! Take the time for a closer look at rent-to-own before you sign a contract. Rent-to-own means you are renting a product. You pay weekly payments for a period of time. Only after you have made all the payments do you own the product.

Each weekly payment renews the contract. That means you continue to rent the item. If for any reason you stop paying, the store takes the item back. You have nothing to show for the money you spent.

Rent-to-own stores have many items to choose from:

- Portable color TV sets, 19 and 25 inch.
- Large appliances such as washers, dryers, refrigerators, and freezers.
- Stereos.
- Video cassette recorders.
- Air conditioners.
- Microwaves.
- Sometimes even furniture.

Comparing terms between rent-to-own stores—

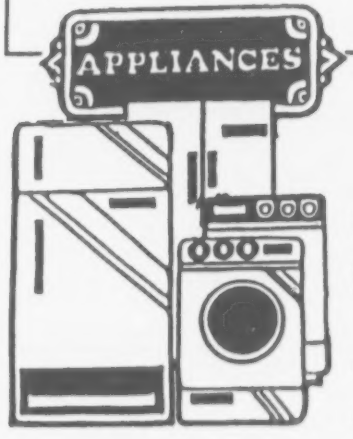
Maybe your only option is rent-to-own because you can't get credit. Take time to compare terms among local stores. It will save you money.

Table 1 shows how much each rent-to-own option costs.

Look at the variation among stores, even between the weekly and monthly payments. Rent-to-own customers often pay 1 1/2 to 12 times the actual purchase cost of an item.

Table 1. Comparison of rent-to-own prices for a refrigerator.

Rent-to-own store	Payment	Period	Cost
A	$17.95	78 wks.	$1,400.10
B	18.00	78 wks.	1,404.00
	77.15	18 mos.	1,291.50
C	19.95	78 wks	1,556.10
	80.00	18 mos.	1,440.00



Tables 1 and 2 from: "Rent-to-Own: A Consumer Purchasing Alternative," *Journal of Home Economics*, Winter 1988, pp.45.

In addition to higher cost, other problems include:

- Delivery of defective appliances.
- Failure to repair item quickly.
- Repossession if payments are late or missed.

Let's pretend—

You need a new refrigerator. The local rent-to-own store has one for only $18 per week for 78 weeks. Is that a good deal?

Answer these questions and see if you would sign the contract.

The refrigerator costs $700 at another store. The rent-to-own store wants $18 a week for 78 weeks.

If you make all 78 payments, how much will you spend? $_____
(Multiple 78 times $18)

What's the finance charge? (Hint...subtract the $700 cost of the refrigerator from the total price.) $_____

Is this a good budget decision? ❑ yes ❑ no

If the salesperson suggests a 104 week contract, is that a better choice? Ask yourself:

1) How long is the contract for? _____

2) What's the cash price of the item I'm renting? _____

3) What's the total price of the rent-to-own contract? _____

4) What's the total finance charge? _____

5) Is it a good budget decision? ❑ yes ❑ no

Comparing purchase plans—

Always ask for the annual percentage rate on a credit contract. You will need this figure to compare this contract with other credit plans.

You can pay for a refrigerator with a bank loan, a credit card, or a charge account with a local department store. Table 2 shows you how much it costs to borrow the money for a $700 refrigerator.

Table 2. Purchase plans through alternative credit sources for a refrigerator with a retail cost of $700.

	18-Month time period	
Source (APR*)	Payment	Cost
Bank (16%)	$45.11	$811.98
Finance company(23.33%)	47.96	863.28
Major credit card (18%)	45.88	825.48
Major department store (21%)	47.05	846.90

*annual percentage rate.

Who offers the best credit plan for the refrigerator? _____

_____

What's the difference between this cost and the rent-to-own amount?_____

_____

Where to Shop...

The following shopping places have both advantages and disadvantages. Review these options of where to buy as you plan your next purchase.

Local stores

Pros:

- You know the people and the store.
- You save time and travel costs.
- It's easy to make exchanges or returns.
- It's convenient for servicing appliances or other items that need repair.

Cons:

- Selection may not be as good.
- The store may have fewer sales, so costs may be greater.

✏Discount stores vary a lot since this category includes the large national chains as well as the more localized bargain and outlet centers.

Discount stores

Pros:

- It's easy to make exchanges or returns.
- The store may offer repair service.
- The store may have lower prices due to greater sales volume.

Cons:

- It may or may not offer a broad choice of items.
- A large selection may tempt you to pick up other unplanned items when you shop.
- The store may offer lower quality products than other stores.

Shopping at home—

Shopping in your home is convenient. There are several ways to shop directly from your house.

Door-to-door sales

Pros:

- It saves time.
- It saves travel.

Cons:

- You may be *pressured* into buying something you don't really need. Watch for gimmicks and sympathy pleas.
- It may be harder to check prices or other product options.
- You may not know the seller.
- You may never get the product.
- The price may be higher than the price of a similar quality item from other sellers.
- You may not get repair service or a chance to return or exchange the item.
- You may be deceived by free offers that come with products.

Mail order catalogs or shopping by phone

Pros:

- It saves time and travel.
- Catalog descriptions are handy. You may get operator sales assistance.
- Some products are available that are not found in local stores.

Cons:

- Goods may be delivered late or not at all.
- Pictures and descriptions may be misleading.
- Mailing or delivery charges may be large.
- It may take a week or more to get the item.
- Returns may be difficult.
- You may get a substitute product if what you ordered is out of stock. Check the company's policy.
- You may be pressured to buy now and pay later.
- If company fails to deliver but cashes your check, a refund may be difficult or impossible.

Several unique ways to shop—

Friends/home parties

Pros:

- You know the seller —you believe you are helping out a friend.
- The party may offer unique products.
- Attending can be fun.

Cons:

- Items often cost more than similar merchandise from other sellers.
- It may be difficult to resist the sales pressure of a friend or relative.
- You may not be able to check other sources.
- Buying often requires advance payment, which ties up money.
- Products may or may not arrive on time.

An Example: Home Parties—
To Go or Not To Go

Joan and Linda are good friends. They are neighbors in the apartment complex. Joan often has home parties to earn credit toward products for her family. She has sold beauty products, gifts, kitchen supplies, jewelry, and toys this past year.

Linda has usually bought an item or two at each party. Right now Linda feels a big financial strain with some car bills. She really doesn't feel she can buy the home accessories Joan is offering. What can she do? Linda feels guilty because Joan has booked the party and needs customers. Consider each of the following responses.

What should Linda do?

1) Tell Joan she is busy and won't be able to attend. 2) Explain to Joan that she would like to attend but will not be able to make a purchase at this time. 3) Offer to help Joan with preparation for the party but explain that she cannot buy anything at this time. 4) Attend the party, purchase something and worry about her car bills later. 5) Wait until almost *party time* and send her child over to tell Joan she isn't feeling well.

Other a _____

Garage sales, resale shops, buy and sell shops, auctions

Pros:

- You can buy things other people have used and no longer want.
- You may save money if an item is something you need.

Cons:

- You need to look all items over carefully before you buy.
- Used items are usually not guaranteed and cannot be returned.

Exercise: Where can I buy it?—

What do I want to buy?	Where could I buy it? List 3 or more places. Circle the place you will try first.	Why did you circle the place you did?
Example: Clothes for the children.	Catalogs (Garage Sales) Downtown at store Discount store	Convenient, cheap, they outgrow them so fast. It's just for everyday.

Adapted from "*Where to Shop.*" *Dollars and Cents* (EFNEP), University of Wisconsin.

Part 7...Shopping Basics

In these times of rising food prices, we can all use help in cutting food costs. Sharpening shopping skill is one way to help save those pennies, nickels, dimes and dollars.

> Smart shopping begins with wise planning. Decide how much you can spend for food based on your family's budget

Step 1

Do you receive food stamps?
If so, record the amount here.
(a) $_____

How much money do you spend each month in addition to your food stamps?
(b) $_____

Add the values of (a) and (b) to get your monthly total (c). This is how much money you plan to spend on food each month.
(c) $_____

Step 2

How much do you spend for each extra shopping trip? Like when you forget milk, bread, etc.
(d) $_____

How many extra trips do you make each month?
(e) _____

Adapted from: Ross, Penny and Molly Graber. *Check Out Nutrition Buy Better!* Cooperative Extension Service, Michigan State University and Michigan Department of Public Health, 1984.

Multiply the dollar amount times the number of visits to find out how much these extra trips costs.

(f) $_____

Subtract this amount in line (f) from line (c). This is how much money you have left to budget for the entire month for regular grocery shopping.

(g) $_____

To find the amount of money you have for each shopping trip, complete step 3.

Step 3

Grocery shopping twice a month:

To find the amount for each shopping trip, divide line (g) by 2.

(h)$_____

This is how much money you budget for each shopping trip.

Grocery shopping once a week:

To find this dollar amount for each shopping trip, divide line (g) by 4.

(i) $_____

Line (h) or (i) shows you how much money you can budget each month for each shopping trip.

Let's Eat Out!

When we eat out, we are paying someone to prepare the food and serve it to us. Money spent for eating out is usually not a planned cost. It is fun to eat out, but how much does it take away from your food budget? Can you afford this extra expense?

Compare the cost of eating out to the cost of eating at home. Here's a favorite fast-food choice:

FRENCH FRIES AT HOME:	FAST FOOD FRIES:
Potatoes $_____	$_____
Oil $ _____	for 1 serving
Total $_____	x 6 = $_____

Which french fries provide more for the money?

Oven French Fries

French fries without frying -- a surprise for those who thought this crispy treat was a forbidden food.

4 medium potatoes 1 tablespoon oil

Preheat oven to 475 degrees F. Peel potatoes and cut into long strips about 1/2 inch thick. Dry strips thoroughly on paper towels. Toss potato strips in a bowl with oil as if making a salad. When the strips are thoroughly coated with the oil, spread them in a single layer on a cookie sheet and place in preheated oven. Bake for 35 minutes. Turn strips periodically to brown on all sides. If a crisper or browner potato is desired, place under broiler for a minute or two.

Yield: 6 servings. Approximate calories per serving: 80.

It Pay$ To $hop With a Li$t

- Keep a pencil and paper handy, and list items as they run low.
- Check the foods you have on hand.
- Check food ads.
- Collect coupons.
- Plan and write down meals for at least a week.
- Put foods together on your list the way they are arranged in the store.
- Get refrigerated and frozen foods last.
- Choose the time that's best to shop for you, so you can do a good job. This may be after meals, so that you're not hungry. Or it may be when the store is less crowded. Or it may be when you have more time and are less hurried.
- STICK TO YOUR LIST!!!
- Compare prices, so you can make good substitutions when it's wise to do so.
- Remember, it pay$ to $hop with a li$t!

To Compare The Cost Per Unit

Unit pricing helps us compare the prices of different brands or sizes of the same product since the unit price (cost per unit of measure) is provided. If your store uses unit pricing, the tags will be on the shelf near the product. Unit Price labels will look like this:

SAMPLE UNIT PRICE TAGS

Unit Price per ounce 4.0 cents	TOTAL PRICE	Unit Price per ounce 10.5 cents	TOTAL PRICE
18 oz. Snappy Rice Cereal	72 cents	6 oz. Crackly Rice Cereal	63 cents

Notice the unit of measure for the two brands of cereal is an ounce. The cost per ounce is the unit price.

-Which brand costs less per ounce?_____

-Which cereal costs less (total price)? _____

-Which cereal product is the better buy? _____

CHOOSE THE BEST BUY

Unit Price	per ounce cents	TOTAL PRICE
Sugar-coated cereal	ozs.	

OR

Unit Price	per ounce cents	TOTAL PRICE
Ready-to-eat cereal (no sugar)	ozs.	

Unit Price	per ounce cents	TOTAL PRICE
Whole chicken (fryer)	lb.	

OR

Unit Price	per ounce cents	TOTAL PRICE
Cut-up whole chicken	lb.	

Unit Price	per ounce cents	TOTAL PRICE
Laundry detergent, national brand	ozs.	

OR

Unit Price	per ounce cents	TOTAL PRICE
Laundry detergent, generic brand	ozs.	

Unit Price	per ounce cents	TOTAL PRICE
Generic brand green beans	ozs.	

OR

Unit Price	per ounce cents	TOTAL PRICE
National brand green bean	ozs.	

Vegetable-Fruit Group -- How much to eat and why...

This group includes all varieties of vegetables, fruits, and their juices. You should try to eat about four servings from this group every day. A serving of fruits and vegetables is:

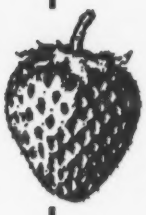
1/2 cup	3/4 cup	1 medium	1/4 cup
Juices, cooked or canned fruits and vegetables	Raw vegetables	Raw fruits	Dried fruits

Foods in this group are important because they provide vitamins A, B6, C, and folacin, as well as minerals like iron and magnesium. Various fruits and vegetables contain different nutrients . Raw and unpeeled fruits and vegetables are also good sources of dietary fiber. Whole grains also have fiber. Fiber plays an important role in moving foods through the digestive tract. Eat some foods rich in fiber each day.

Some foods are better than others as nutrient sources, so plan your meals and snacks to include a variety of foods from this group.

You need to make a special effort to eat at least one serving of each of the following daily:

-Vitamin A-rich food.
-Vitamin C-rich food.
-Dark green, leafy vegetable



Some examples of some foods you may choose :

Vitamin C-rich Foods	Vitamin A-rich Foods
cantaloupe	Deep yellow vegetables:
grapefruit and juice	- carrots
orange and juice	- pumpkin
tangerine	- sweet potato
strawberries	- winter squash
broccoli	Dark green vegetables:
brussels spouts	- broccoli
cabbage	- chard
cauliflower	- collards
green pepper	- dandelion greens
greens (collard, kale, mustard, turnip)	- escarole
	- mustard greens
potato (large, baked)	- spinach
spinach	- turnip greens

Making Fruit and Vegetable Choices

Finding the best buy in fruits and vegetables will take you to many areas of the store--fresh produce, canned goods, and frozen foods. Many stores have a special section of generic or unbranded foods, which are usually priced below store brands or advertised brands. You should also compare quality.

- Compare the various forms of a fruit or vegetable to see which is the best buy - fresh, frozen, canned or dried.

- When fruits or vegetables are in season and supplies are good, the fresh form is often a good buy.

- Watch for store specials on canned and frozen vegetables your family likes. Stock up on them if you have freezer or shelf space.

- Generic or unbranded products are usually less expensive than similar store or advertised brands. Check prices and compare.

- Certain fresh fruits and vegetables -- such as bananas, cabbage, carrots, greens and potatoes -- are available year round. They are often less expensive than even fruits and vegetables in season.

- Sauces and seasoning packets increase the price of frozen vegetables. These may cost twice as much per serving. Buy vegetables plain, then add your own flavorings.

- Compare store brands and advertised brands of frozen vegetables and fruit juices. Store brands are usually a few cents cheaper.

- Larger bags of frozen vegetables may be cheaper per serving than the boxed type. Measure out the amount you need and return the rest to the freezer for another meal.

- Use leftover vegetables in soups, casseroles, or salads. Throwing away leftovers is expensive.

- Use cabbage, endive, or escarole as the base for salads rather than more expensive lettuce and greens. Mix your salads for variety.

- Plant a garden if you have space in your yard or neighborhood. Also take advantage of nearby farms where you can pick your own fruits and vegetables in season. Many vegetables grow well in Michigan. Learn to can or freeze extra summer produce to use during the following year.

Tips on How to Buy and Store Fresh Fruit

- Buy most fruits when they are ripe. But bananas, pears, peaches, and cantaloupe can ripen at home.

- Gently shake a bunch of grapes. Few will fall off if they are fresh.
- Brown dots on the skin of some apples, grapefruits, oranges, and pears are okay.
- Keep ripe fruit a few extra days by putting it in the refrigerator. Banana skins will turn dark, but the fruit will still be great.

When Buying Frozen or Canned Vegetables

- Get frozen foods last so they will stay solid until you get home.
- Choose packages that are frozen hard. Wet, limp, or stained packages may have been thawed and refrozen. The quality may not be good.
- Avoid dented cans that are swollen or leaking. The food in them may be spoiled.

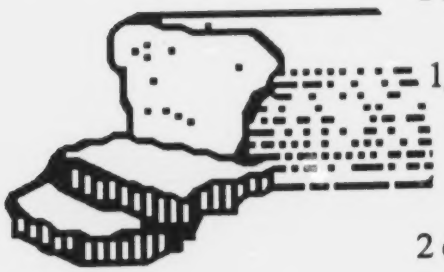
Bread-Cereal Group -- How much to eat and why...

You should eat six or more servings from this group every day. A serving is:

1 ounce cereal (this varies from 1/4 to 1 1/2 cups, so check the package label)

1 slice of bread

1 six-inch tortilla



1/2 to 3/4 cup cooked noodles, macaroni, spaghetti, other pastas: rice, barley, bulgur, grits, or cornmeal

2 cups popcorn

1 small roll, muffin, bagel, or biscuit

1/3 cup enriched flour, whole grain flour or masa harina

Less expensive choices. . . . . .More expensive choices	
Enriched white rice, whole grain rice	Instant rice, seasoned rice, wild rice
Regular or quick cooking "hot" cereals. . . .	Instant hot cereals and ready-to-eat cereals
Enriched or whole grain macaroni or spaghetti	Noodles and other specialty pasta
Enriched white or whole grain bread, frozen bread dough, cornbread	Buns, rolls, bagels, taco shells, tortillas, pita bread, French bread
Saltines.	Graham crackers
Muffin or biscuit mix	Bakery muffins or biscuits
Enriched or whole grain flour	Cake flour*

*Inexpensive cake flour can be made by sifting together 2 tbsp. of cornstarch with enough enriched all-purpose flour to fill 1 cup.

Making Bread and Cereal Choices

- Rice is inexpensive. Serve it plain, in casseroles, in soups, as a meat filler, or in desserts like rice pudding.

- Cooked hot cereals are about half the price per serving compared with ready-to-eat cereal. You can also use them for fillers in meat loaves and meatballs. Look at the cost per serving of cereals.

- Instant hot cereals in individual packages always cost more per serving than those in an average sized box.

- Generic or store brand grains, flour, pasta, and mixes often cost less than advertised brands. Compare costs.

- Use stale bread to make bread crumbs, bread pudding, or French toast. Day-old bread and buns are just as wholesome as fresh and usually cost half the price.

- Enriched or whole grain bread can be served plain or toasted as an economical snack.

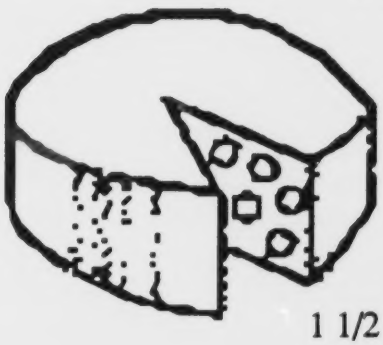
- Already flavored and seasoned cereals and grains usually cost more than plain cereals or whole grains with fruit, spices, or herbs added at home.

- For best buys in bread and cereal, compare the unit cost and cost per serving. Larger packages may cost less per unit than smaller ones. Buy the larger size if you have enough storage space.

- Make your own baking mixes for biscuits and muffins. These can be less expensive than ready-made mixes.

Milk-Cheese Group -- How much to eat and why...

Most people should have at least two servings from this group every day. Children, teens, and pregnant and breast feeding women need more. For one serving you can choose any of the these:



1 cup (8 ounces) fluid milk

1 cup plain yogurt

1/3 cup* dry milk powder
* or amount for 1 cup fluid milk: check package label.

1 1/2 ounces aged or hard cheese such as American, Cheddar, Colby, Monterey Jack, Muenster, Provalone, or Swiss.

Milk and cheese are very good sources of calcium, riboflavin, vitamin B12, and protein. Milk also has vitamin A and may be fortified with vitamin D. Choose vitamin D-fortified milk. Cheese and yogurt are not usually fortified.

Making Milk and Cheese Choices

Cost per serving and unit cost are your key shopping tools to reduce cost in the milk and cheese group. Compare cost per serving with the cost of 1 cup of milk or yogurt. Compare milk costs by the price per quart.

- ☛ Non-fat dry milk fortified with vitamins A and D is the least expensive form of milk.

- ☛ Skim, 1/2 percent, 1 percent and 2 percent fat fluid milk and buttermilk powder are less expensive than fluid whole milk (3.5 percent fat).

- Buttermilk and flavored fluid milk are more expensive than other types of milk.

- Yogurt and cheese are more expensive than milk because of the processing involved. There is a wide range of prices for cheese. Processed and domestic cheeses cost less than imported types.

- Use non-fat dry milk to make hot cocoa mix for less than the cost of store-purchased instant cocoa.

Hot Cocoa Mix
(Handy for snacks or breakfast)

2 cups non-fat dry milk powder
1 cup sugar
1/2 cup unsweetened cocoa powder (generic)

Put milk powder, sugar, and cocoa into a quart container. Stir well. Store in a tightly covered jar in a cool, dry place.

To use: Place 3 tablespoons of mix in cup; stir in about 1/4 cup of boiling water to dissolve powder; then add 3/4 cup more hot water. Stir and serve.

Budget Cutting Tips

- If you prefer the taste of whole milk but not the calories or the cost, mix it half and half with reconstituted non-fat dry milk. Mix a quart of non-fat dry milk according to package directions and add it to a quart of whole milk. Chill several hours before serving.

- Use non-fat dry milk and buttermilk powder for cooking and baking. Non-fat dry milk fortified with vitamins A and D is the least expensive form of milk.

- Buy the largest size milk container you can use within a week of the sell date. Compare prices. You can save 5 to 15 cents per quart by buying half-gallon or gallon containers.

- Cheese is more expensive than milk but adds variety to your meals. Bulk cheese is less expensive than sliced, shredded or individually wrapped slices. Compare the cost per pound.

- Processed cheese food is usually less expensive than cheese. It is good in sandwiches and melted for cheese sauce.

- Imported Edam, Gouda and Swiss cheeses are more expensive than those varieties made locally. Select domestic types for lower cost.

- Homemade yogurt is easy to make and costs less than advertised brands. If you want flavored yogurt, add your own fruit, jam or flavors at home.

Meat-Poultry-Fish-Beans Group -- How much to eat and why...

This food group includes all varieties of meat, poultry, and fish, as well as meat alternatives such as dry beans, dry peas, eggs, peanut butter, nuts, and seeds.

Each day you should eat two servings for a total of 5 to 6 ounces of food from this group. Count as a serving 2 to 3 ounces of meat, poultry or fish after cooking and not including bone, gristle or fat. Your meat, poultry, fish, or alternate can be divided among meals and snacks. It is not necessary to include these foods every time you eat, as long as you get a total of 5 to 6 ounces daily.

To equal the amount of protein from 2 ounces of meat, you can choose any of the following:

1/3 to 1/2 cup cooked lean beef, chicken, pork or fish

1 small hamburger patty (3 ounces raw)

1 medium chicken leg

2 hot dogs

3 chicken wings

1 to 1 1/2 cups cooked dry beans or lentils; walnuts or pecans

1/2 cup almonds, peanuts, or sesame or sunflower seeds

4 tablespoons peanut butter

2 large eggs

Foods in this group are important because they supply protein, iron, thiamin, zinc, magnesium, and vitamins B6 and B12. Different quantities of vitamins and minerals are present in each of the various kinds of meats and alternates. Because of this variation in nutrients, you should plan your meals to include a variety of foods from this group over the week.

> Some foods are much better than others as sources of these needed nutrients, for example:
>
> Vitamin B12 is found in all meats, fish, eggs and poultry, but not in nuts, seeds or beans.
>
> Iron and zinc are present in large amounts in liver, red meats and dry beans.
>
> Nuts are a good source of magnesium.

Making Meat, Poultry, Fish and Bean Choices

The meat with the lowest cost meat per pound is not always the best buy. You must also consider how many people a piece or a package will serve. When shopping, compare the cost per serving of various meats, not the cost per pound.

How Much Should You Buy?

Plan on 2 to 3 ounces of lean cooked meat for each serving. The amounts of fat, bone and gristle vary in different cuts of meat. Use the guide below as a shopping tool to learn how many servings you will get from a pound of some kinds of meat, fish, and poultry. Always look at the items as you choose -- individual cuts may have more fat or bone.

4 servings per pound

Items with little or no fat or bone, such as ground meat, round steak, lean stew meat, liver, center cut of ham, fish steaks and fillets, flank steak, boneless roasts with little fat such as beef sirloin tip, chicken breasts.

3 servings per pound

Items with a medium amount of bone, fat and gristle, such as most roasts, pork chops, steaks, ham with bone, whole turkey, chicken legs, dressed fish.

1 to 2 servings per pound

Items with much bone, gristle, or fat, such as lamb rib chops, plate and breast of veal or lamb, spareribs, shanks, chicken wings and backs, shortribs.

Note: One pound of dry beans makes 6 cups when cooked. A 1-pound can of cooked beans is 2 cups.

Less Expensive Choices	More Expensive Choices
Dry beans, peas, lentils	Nuts
Eggs	Seeds
Peanut butter	Many luncheon meats
Frozen fish fillets	Beef rib roast
Canned tuna or mackerel	Beef steaks
Liverwurst (Braunsweiger)	Flank steak
Liver	Lamb chops or leg roast
Ground beef, pork, turkey or chicken	Pork chops
Cured ham with bone	Spareribs
Pork loin or shoulder roast with bone	Shortribs
	Veal chops or roast

Budget Cutting Tips

- Compare prices by cost per serving, not cost per pound.
- Limit serving sizes to 2 to 3 ounces. Extra amounts of meat are expensive and are not necessary for good nutrition. Fill out meals by using extra servings from other food groups.
- Use low-cost meat alternatives like legumes or eggs to keep costs down.
- Buy advertised specials when they cost less per serving than your usual choice.

- Turn leftovers into casseroles, soups, stews or sandwiches to avoid waste.
- Ask the butcher to cut large roasts into smaller meal portions for you. Freeze the portions and space them out for your meals.
- Breaded items like chicken or fish are usually more expensive than plain cuts. Save money by preparing your own crumb mixture and breading food yourself.
- If you have a freezer, you can buy large cuts of meat called subprimals at savings. You can cut the meat in meal-size portions. Wrap, label, and freeze.
- Use bones for soup stock. Add meat, rice, and vegetables for a hearty soup.
- Beef: Chuck cuts, shoulder cuts, round steak and ground beef are usually the most economical.
- Pork: Blade and arm steaks or chops, blade Boston roasts, and ground pork are usually the most economical.
- Poultry: Whole chickens are usually less expensive than chicken parts. You'll save money by cutting them up yourself.
- Fish: Fresh fish is usually more expensive than frozen fillets.
- Luncheon meats and sausage: These products are often higher in price than other meat products because they are more processed. Liverwurst is the most economical luncheon meat. Use leftover beef, chicken, and pork for sandwich fillings when they are less expensive than luncheon meats.
- Eggs: A serving of eggs is less expensive than a serving of meat and provides good quality protein.

Reminder

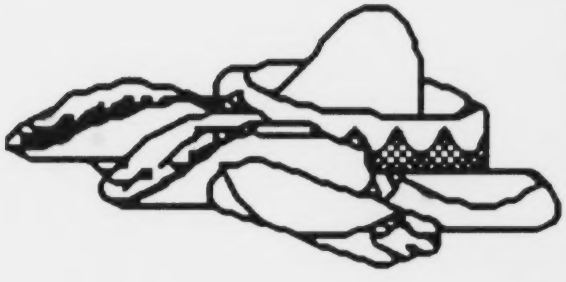
Meat, fish, and poultry spoil easily. Buy only as much as you can use before it spoils.

Plants Can Supply Protein Needs...

Legumes (dry beans, dry peas, lentils), nuts, seeds and whole grains all contain some of the essential amino acids to make the complete protein your body needs. No one plant source contains all the amino acids you need, and those that are present occur at lower levels than in animal protein.

Animal products such as meat, poultry, and milk have the right mixture of all the amino acids your body needs to get from food. You can also get this proper mixture from plant sources by eating combinations of whole grains, legumes (dry beans, dry peas and lentils), nuts and seeds.

Making Plant Protein Into Complete Protein



To get a balance of amino acids from plant-protein, you should eat generous amounts of whole grains, legumes, nuts and seeds. If a meal without animal protein does not include these foods, the resulting amino acid mixture will be incomplete. This meal then needs to have milk, cheese, or eggs added.

Another way to get good protein for low cost is to mix a plant protein food with an animal protein food. You can do this with milk, cheese, eggs, or other animal proteins.

Chili con carne (ground beef and legumes)

Bean and cheese nachos (legumes and cheese)

Walnut cheddar loaf (nuts, eggs, and cheese)

Grilled cheese sandwich (cheese and bread)

The list below shows examples of whole grains, legumes, nuts, and seeds.

Whole grains*	**Legumes**	**Nuts and Seeds**
barley	black beans	almonds
oats	mung beans	walnuts
buckwheat	black-eyed peas	Brazil nuts
rice (brown or white)	peanuts	other nuts
bulgur	broad beans (fava beans)	cashews
rye	peas	pumpkin seeds
corn	garbanzos	hazel nuts
wheat (whole or enriched)	soybeans	sesame seeds
millet	split green peas	pecans
	lima beans	squash seeds
	other dry beans	pistachios
		sunflower seeds

*Whole grains come from the bread-cereal group.

To combine plant protein to get a complete protein, prepare and serve these foods together. The following food combinations show how this can be done:

Whole grains + legumes = rice and red beans

Whole grains + nuts = oatmeal and walnuts

Whole grains + seeds = whole wheat bread with sesame seed spread

Non-Essential Food Group...

This food group includes foods such as butter, margarine, mayonnaise and other salad dressings, and other fats and oils; candy, sugar, jams, jellies, syrups, sweet toppings and other sweets; soft drinks and other highly sugared beverages; alcoholic beverages such as wine, beer and liquor; and snack foods such as chips, snack cakes and pies, and doughnuts.

Servings from this group are not required. You do not need to eat these foods daily to be well nourished. Eat them only after the recommended servings from

the other food groups are included in your meals and snacks -- if you can afford the extra calories.

Foods in this group are generally high in calories and low in nutrients. Some example of 75-calorie servings of non-essential foods are:

Sweets

1 sandwich cookie
6 oz. soda pop
3 chocolate kisses
1 Tbsp. honey

Alcoholic beverages

1 oz. gin or whiskey
6 oz. beer
3 oz. dry wine
1 3/4 oz. sweet wine

Fats

2 tsp. butter or margarine
2 tsp. cooking oil
1 Tbsp. salad dressing (French)
1 Tbsp. mayonnaise

If you have high energy (calorie) needs, you may select additional servings from either the essenial four food groups or the non-essential food group. These foods help satisfy hunger and fill up those with big appetites because of activity or rapid growth. You will get more nutrients for your food dollar if you buy foods from the basic four food groups.

Foods in the non-essential group may also be higher priced -- especially when you buy them in convenient or ready-to-eat form. Making foods from basic ingredients, such as preparing your own fruit punches or salad dressings at home, can help save money on non-essential foods.

Food mixtures are included in the non-essential group -- even when they contain foods from other group. These food mixtures are often made with extra fats, sauce, or sweet, which add calories. When you eat a food mixture containing foods from different groups, count an item as a serving if the amount of food is the recommended portion size for that food group.

Making Non-Essential Choices

The non-essential food group can be one of the first areas to cut back when the budget is tight. Many food items in this group are not essential for good nutrition but raise food costs. These include coffee, tea, condiments, spices and herbs. For many people, one in every five dollars spent for food goes toward unnecessary items with low nutrient value. They can take a large bite out of the food budget. Careful planning, wise shopping, and breaking a few old habits can help bring costs down.

Keep a list of the foods you buy from this group. Do you spend more than one-fifth of your food dollar here? Spending less on fats, sweets, and alcohol can mean extra money for more nutritious foods from the other food groups.

Budget Cutting Tips

- Use cost per serving as a shopping tool for these items.
- Carbonated beverages cost more than fruit ades and punches.
- If you make flavored drinks often, buy the large bulk containers of drink mixers rather than individual one-serving packets.
- Buy candies and sweets only when you have money left after buying foods from the essential four food groups.
- Deep fat frying is an expensive way to prepare food. Most foods that you might fry can be oven-baked instead. Coat the food with bread or cereal crumbs and bake until golden brown.
- If you are not restricting the kind of fat you use, buy the cheapest kind of margarine or oil available.
- Brown sugar is almost three time more expensive than white sugar. Both contain the same calories. Substitute white sugar for half to all of the brown sugar in your recipes.

Meal Planning

As you plan your meals, include all food prepared at home, whether it is eaten there or elsewhere. You will probably want to plan snacks for growing children and active teen-agers. Many adults also like snacks. Keep everyone's energy needs in mind.

Plan each day's meals and snacks to include at least minimum servings from the essential four food groups. Use a variety of foods for a mixture of colors, flavors, textures, and temperatures.

To make your food dollars really count, remember:

Plan at home before you shop.

Buy a variety of foods to eat every day.

Use unit price labels to find low-cost foods your family likes.

Read package labels-- know what you are paying for.

Compare foods and their prices.

Grocery shopping may never become your favorite activity--but it is better when you know you are getting the most for your food dollar. Remember, pennies saved add up when you go through the checkout lane.

GROUPINGS FOR YOUR SHOPPING LIST

To save steps and time, put things together on your list the way they are usually grouped in the store.

Fresh produce

Fruits

Vegetables

Non-food items

Dairy counter
Milk, milk products and non-dairy products including eggs, biscuits, etc.

Canned foods, breads and cereals, staples (including dried beans, peas, and dry milk)

Meat counter

Frozen Foods

WEEKLY MEAL PLANNER

	DAY 1	DAY 2	DAY 3	DAY 4	DAY 5	DAY 6	DAY 7
MEAL 1							
MEAL 2							
MEAL 3							
SNACKS							
	Fruits □ _ _ _ Vegetables □□□ _ _ Bread, Cereal, Pasta □□□□ _ _ Dried Beans, Peas, Meat, Poultry, Fish, Eggs, □□ _ _ Milk, Cheese □□○○ _ _ Other _ _ _ _	Fruits □ _ _ _ Vegetables □□□ _ _ Bread, Cereal, Pasta □□□□ _ _ Dried Beans, Peas, Meat, Poultry, Fish, Eggs, □□ _ _ Milk, Cheese □□○○ _ _ Other _ _ _ _	Fruits □ _ _ _ Vegetables □□□ _ _ Bread, Cereal, Pasta □□□□ _ _ Dried Beans, Peas, Meat, Poultry, Fish, Eggs, □□ _ _ Milk, Cheese □□○○ _ _ Other _ _ _ _	Fruits □ _ _ _ Vegetables □□□ _ _ Bread, Cereal, Pasta □□□□ _ _ Dried Beans, Peas, Meat, Poultry, Fish, Eggs, □□ _ _ Milk, Cheese □□○○ _ _ Other _ _ _ _	Fruits □ _ _ _ Vegetables □□□ _ _ Bread, Cereal, Pasta □□□□ _ _ Dried Beans, Peas, Meat, Poultry, Fish, Eggs, □□ _ _ Milk, Cheese □□○○ _ _ Other _ _ _ _	Fruits □ _ _ _ Vegetables □□□ _ _ Bread, Cereal, Pasta □□□□ _ _ Dried Beans, Peas, Meat, Poultry, Fish, Eggs, □□ _ _ Milk, Cheese □□○○ _ _ Other _ _ _ _	Fruits □ _ _ _ Vegetables □□□ _ _ Bread, Cereal, Pasta □□□□ _ _ Dried Beans, Peas, Meat, Poultry, Fish, Eggs, □□ _ _ Milk, Cheese □□○○ _ _ Other _ _ _ _

Part 8 ... Improving Your Family's Security

Your Saving Options

Experts agree we should all be saving more money. Knowing that it is important to save money does not make it any easier. You're are not alone if you are having trouble saving money -- especially if your budget is tight.

> Money makes money
> and the money
> that money makes
> makes more money.
>
> --Poor Richard's Almanac

Let's look at some tips to get started on a regular savings plan.

1. Decide on a purpose for your savings. Your goals and values will help you decide.

2. Review your current spending plan. Is savings a regular part of that plan?

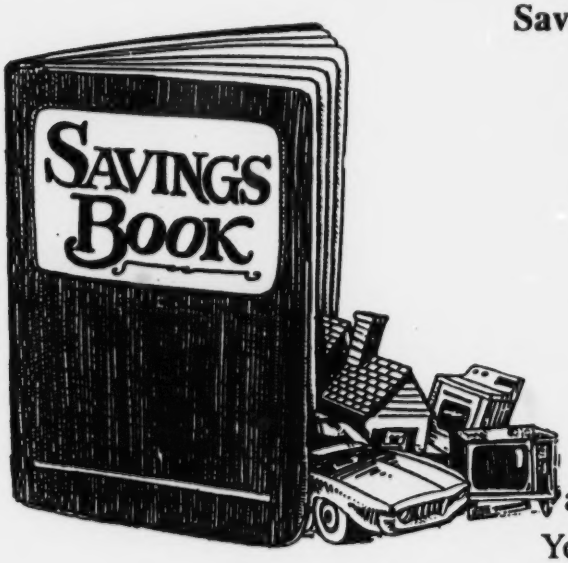
If not, look at your controllable expenses to identify where money can be found. List these changes in your new spending plan and start putting that money to work for you.

3. Always pay yourself first. Put the money in your savings account, even if you have to draw it out later. Get in the habit of saving on a regular basis. If you save only what's left at the end of the month, your savings will always be small, at best.

Find out if your employer offers a payroll deduction plan to make saving easier. In this way, money can be automatically deposited in a savings account or credit union account, or used to buy U.S. savings bonds.

4. Re-evaluate your savings plan now and then. Check your progress and make necessary changes.

Most experts suggest that families have three months' income in a savings account. Where and how you save an additional amount is an individual choice. These is no best answer. Let's look at some of the most important choices:



Savings Accounts

You can open a savings account with only a few dollars. Each financial institution has its minimum amount. Interest earnings are added at regular intervals and compounded. Both principal and earnings are guaranteed.

Interest rates on deposits at a credit union are generally higher than at other institutions. You must be careful when you withdraw funds, because some credit unions pay dividends only once a quarter. If you withdraw the money before dividends are paid, you may lose the dividends for the entire quarter.

Certificates of Deposit (CDs)

CDs offer a higher rate of return than regular savings accounts, but you must deposit a minimum amount (such as $500 or $1,000) for a specified period of time (such as one year or four years). Interest is earned from the day you open the account to the date of maturity. The date of maturity is when the CD can be cashed in. If you withdraw money before maturity, you will pay a penalty.

U.S. Savings Bonds

Series EE bonds have both a minimum rate and a variable rate. The minimum rate is 6 percent per year for bonds held at least five years. The variable rate is 85 percent of the Treasury bill rate. The higher of the two rates will be paid. The variable rates change twice a year.

A Series EE bond is purchased at half its face value (minimum $50) and will be repaid at full face value in approximately 10 years. Federal tax on earnings may be deferred until the bond is cashed in. Bonds are exempt from state and local income taxes. Both principal and earnings have the full backing of the U.S. government.

Call
1-800-US BONDS
for current rates.

Under a new law, U.S. Savings Bonds purchased since January 1, 1990, are tax-free if redeemed to pay the expenses of higher education. To qualify, the bonds must be purchased by an individual age 24 or older and must be used to pay tuition and fees for a degree or certificate program for the taxpayer or his/her spouse or dependent. Vocational schools are included. Qualifying educational expenses will be reduced by any tax-free assistance the student obtains, such as scholarships, fellowships, or educational assistance provided by an employer.

Money Market Funds

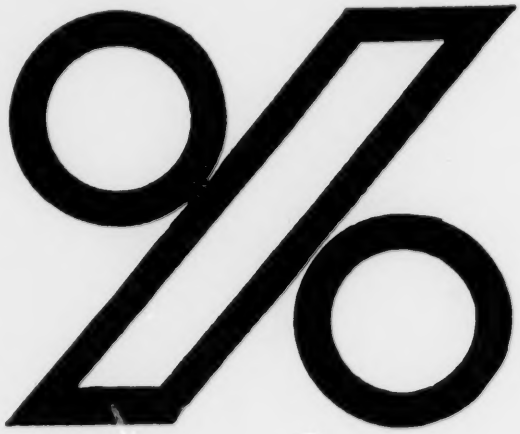
When you invest in a money market fund, you deposit a minimum amount through a broker or by mail and your money is invested in short-term instruments, such as Treasury bills. The minimum amount that you must invest varies from one fund to another, and the rate of return changes daily.

Money market funds offer check writing privileges, telephone or wire redemption, credit lines and other services. This makes your money available to you while it earns relatively high interest rates. Check in consumer magazines such as *Money, Kiplinger Personal Finance,* or *Consumer Reports* for the names of funds. Many of these funds have toll-free numbers that you can call for more information.

Choosing A Savings Method

To choose the savings method that's right for you, you'll first need to think realistically about yourself--your financial situation, your goals, and how soon you want to reach them. Then find the financial institution and savings method best suited to your particular needs. Keep the following major considerations in mind:

1. Rate of return. This is the amount your savings can earn in interest and is usually expressed as an annual percentage rate such as 7.5 percent. Fixed rates of return guarantee a specific rate of interest to be paid, while variable rates of return will go up and down with the market.



2. "Liquidity" refers to the ease with which you can convert your savings into cash. Most savings accounts are highly liquid, but you will pay early withdrawal penalties on certificates of deposit if you have to cash them in before they mature.

3. "Maturity" refers to the length of time before you can receive your return. Some investments, such as passbook savings accounts and money market funds, have no maturity period--they are available anytime you need the money. Others, such as certificates of deposit (CDs) and U.S. Savings Bonds, have maturity periods ranging from 3 months to 30 years. When you can cash in or sell any of these earlier (in case of emergency), you will probably pay a penalty, lose some interest, or receive a lower rate of interest.

4. Tax features. Interest on savings is taxed as income. This includes federal, state and local income taxes. The exception is U.S. Savings bonds, which are exempt from state and local income taxes.

5. Minimum deposit limits may prevent you from opening certain types of savings accounts. A passbook savings account can usually be opened for any amount, although there may be a minimum balance required to earn interest and avoid costly fees. Other types of higher interest savings accounts have minimums starting at $500. These limits may mean that you must save in a lower interest account to accumulate the minimum amount. Once you have the minimum amount, you can transfer your money into a higher interest account.

6. Costs and fees vary among financial institutions. More and more financial institutions are charging for their services, so it will pay to shop around, even for a simple savings account. For instant, some banks charge as much as $12 yearly for passbook accounts under $200. The $12 fee would be greater than the earned interest. The early withdrawal penalties for time deposits may vary. If you need to withdraw your money for an emergency, you will want to pay as small a penalty as possible.

7. Convenience. Take into account the location of the financial institution where you save, and the kind and quality of services it offers.

8. Security. You can determine if your bank, credit union, or savings and loan association is participating in the federal insurance program by looking for the insurance signs.

Federal Insurance Agencies

*For banks--Federal Deposit Insurance Corporation (FDIC).

*For savings and loan associations--Federal Deposit Insurance Corportion (FDIC).

*For credit unions--National Credit Union Administration (NCUA).

Comparing Savings Accounts

Because no single type of savings account is likely to measure up to all your financial requirements, you might use a combination of saving methods. For instance, you could invest a portion of your savings in a certificate of deposit and the rest in a regular savings account. The CD would probably bring a higher return, while the savings account would offer greater liquidity.

To compare savings plans, you'll need to understand how interest is paid. Interest is the payment you receive from the financial institution for the use of your money.

Annual interest rate (APR) and annual effective yield (AEY) are used to describe the amount of interest the account pays.

1. Annual interest rate (APR). The amount of interest that you receive over a one-year period is expressed as a percentage called the annual interest rate. This rate may be fixed, such as 5 1/2 percent on passbook accounts, or it may increase or decrease at specified intervals (such as daily or weekly), depending on market conditions.

2. Annual effective yield (AEY). The annual interest rate is only one of several factors that determine how much you'll earn on the funds in your savings account. Another percentage figure--annual effective yield--is usually a more accurate expression of your interest earnings. Annual yield calculation assumes that deposits and interest stay in the account for one full year. Also reflected in the annual effective yield is the method of calculating interest.

With the simple interest method, interest is calculated on your balance -- your deposits plus any interest that's been paid on your account. If your account pays a 5 1/2 percent simple annual interest rate, your annual yield is also 5 1/2 percent. That means a balance of $100 earning 5 1/2 percent simple annual interest would earn $5.50 in interest in the course of one full year.

With the compound interest method, interest is calculated on your balance plus any interest you've earned that has not yet been paid to your account. In other words, you earn interest on your interest.

Compounding increases your interest earnings, even though the annual interest rate remains the same. If your account pays a 5 1/2 percent annual interest rate, compounded daily, your annual effective yield is 5.65 percent. A balance of $100 earning 5 1/2 percent interest, compounded daily, would pay $5.65 interest.

The more frequently interest is compounded, the greater the yield on your savings account.

How Much To Save

How much money will you need to save to reach your specific goal? First, you need to decide how much you need for your goal. Then, decide when you need the money. For example, you would like to have $10,000 in a college fund in 10 years.

Large amounts of money like this can seem overwhelming when you think of them as a lump sum. But you can save that amount over a period of time. The table below can help you determine how much to save monthly at a given interest rate so you will have the money ready when you want it.

To have $10,000 in a college fund in 10 years where you earn 6 percent return, you will need to save $63 per month. (Note that you save or set aside only $7,550 -- the rest of the $10,000 is earned interest.)

Monthly Savings to Reach a Goal

	Years to Achieve Goal				
Total Dollars Needed	3	5	10	15	20
	At 6% Rate of return				
$ 5,000	$120	$ 74	$ 31	$ 17	$ 11
10,000	240	149	63	36	23
15,000	360	223	96	54	34
20,000	480	297	126	72	45
	At 9% Rate of return				
$ 5,000	$ 115	$ 66	$ 26	$ 13	$ 7
10,000	230	132	51	26	15
15,000	345	197	77	39	22
20,000	460	263	102	52	30

SITUATION 1

Eugene and Tamika inherited $5000 from Tamika's aunt. They both work and are paying their bills regularly. They want to save this money.

What's the best savings option for them?

SITUATION 2

You will receive a $500 tax refund from the government.

If you spend $250 to pay bills and save $250 for an emergency fund, what savings plan would be best?

Begin a savings plan now. Once you begin, stick with it!

Remember always to pay yourself first, and soon you'll see the results of your efforts.

Safekeeping for Important Family Records

Knowing where important documents and information are located helps keep your financial life in order. Like all Very Important Papers (VIPs), your important papers should be kept in a safe place.

A safe deposit box at a local financial institution is the safest place to store valuable papers. They range in cost from $5 to $60 per year.

Keeping papers at home would eliminate the cost, but you must be sure to find a place free from moisture and other threats such as fire and theft. One possibility is a fire-proof box. Another is wrapping the papers in moisture-proof paper and storing them in the freezer.

Where do you store your important papers?

You need different records for different events. Go over this list of VIPs and if you have the item stored in a safe place, check "yes." If it is a paper you may need and you don't know where it is, check "no." Skip items that do not apply to your family.

VIPs you need every month:	Yes	No
Current family spending plan.		
Current checkbook.		
Unpaid bills.		
Loan payment books.		

VIPs you need for emergencies:		
List of credit cards, card numbers, and phone numbers of companies.		
Guarantees and warranties.		
Appliance manuals.		

VIPs you need in case of personal emergency:	Yes	No
Family health records.		
Citizenship papers.		
Household inventory list.		
Insurance policies.		
Birth certificates.		
Marriage certificates.		
Death certificates.		
Divorce decrees.		
Military discharge papers.		
Wills.		
Adoption papers.		

VIPs you need for big financial events		
Deeds.		
Lease or mortgage on farm, home or apartment.		
Abstracts.		
Bonds and stock certificates.		
Employment records.		
Social Security cards.		
Union identification.		
School and trade certificates (diplomas).		
Confirmation or baptismal certificates.		

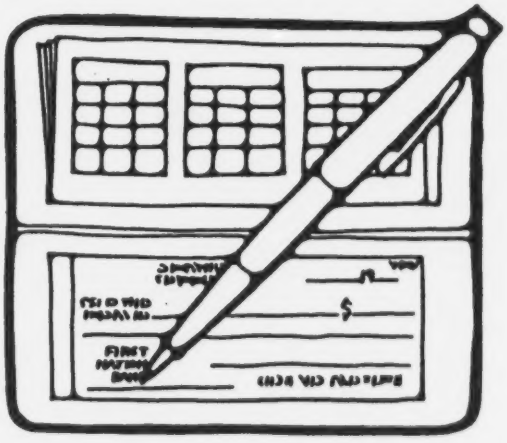
VIPs you need to have available all the time:	Yes	No
Medical insurance card.		
Proof of car insurance.		
Car registration.		
License plate numbers.		
Medicare or Medicaid I.D. card.		
Release orders from probation, parole, prison.		
Citizenship papers (if not a U.S. native).		

Past financial records to keep in case of questions:		
Canceled checks used in income tax returns.		
Receipts, paid bills		
Bank statements.		
Income records.		
Receipts for rent.		
Savings account records.		
Past spending plans		
Credit contracts.		

Take the time now to find those items checked on the "no" list.
You'll be glad you did, especially if an emergency occurs.

Adapted from: Varcoe, Karen and Connie Costello. *Your Savings Options*, University of California Cooperative Extension Service, 1989.

Part 9...Your Checking Account



In Michigan there are three financial institutions that offer checking accounts: banks, savings and loan associations, and credit unions. Credit unions call their accounts "share draft accounts".

You may have an account that returns your cancelled checks to you each month with your statement. Other accounts do not return your checks. You may have a carbon copy record of each check you write in your checkbook. Or you may simply record the check in your checkbook register.

When you receive your statement, the check number and amount will be listed in check order.

$ Many people have trouble keeping their checking accounts balanced and so their checks bounce. Learning how to use a checking account wisely can save you money and give you a record of your spending.

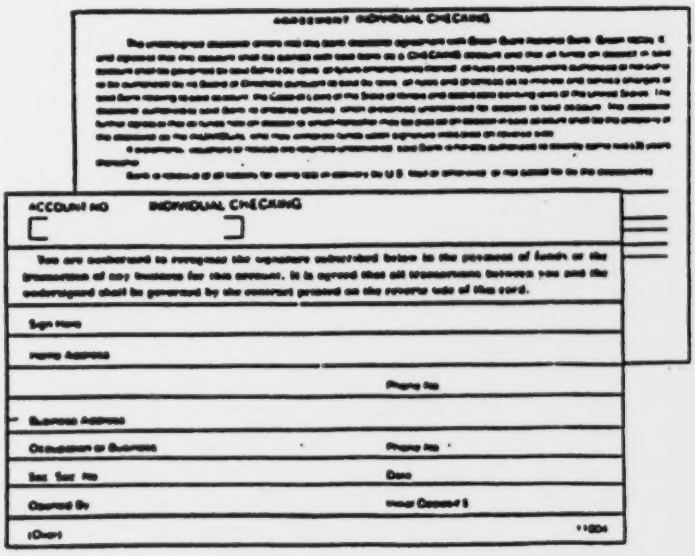
$ A checking account provides a record of your spending when you pay for goods or services by check. You can use this record to develop a spending plan or to check how well you are following your plan.

$ Using checks instead of cash has several advantages; your money is safer, you have a record of the money you spend, and your canceled checks serve as a receipt or proof of payment.

- $ Many types of checking accounts are available. Some have minimum balance requirements, some have fixed monthly service charges, others are free. Some checking accounts pay interest on the money in your account.

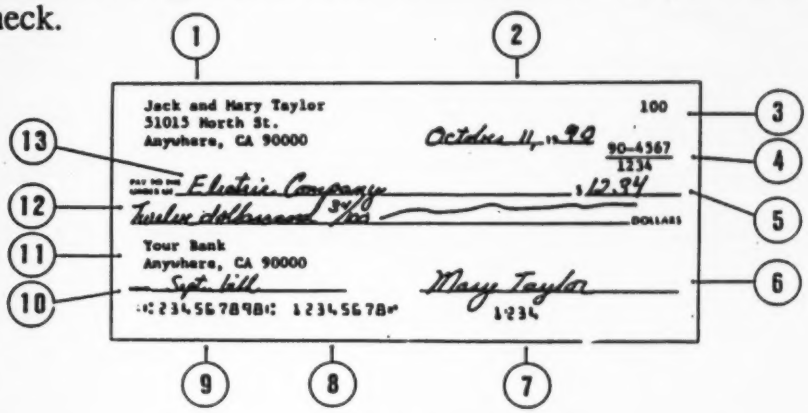
- $ Shop around for the checking account that best suits your needs.

- $ To open a checking account, you need to fill out a signature card. The signature card is a contract between you and the financial institution. It tells you about your rights and responsibilities related to the account. The signature card is also used by the financial institution to check the signature on your checks to make sure it was you who signed the checks. So sign the signature card just as you plan to sign your checks.



Understanding Your Checks

Listed and shown below are the parts of a check. Each of the arrows points to a different part of the check. Refer to the circled numbers for an explanation of each part of the check. When you write a check you are telling the financial institution to take money from your account and pay it to the person or firm you name on the check.



1 *Your name and address* (your telephone number can also be printed here.)

2 The *date* the check was written.

3 The *check number* (used to keep track of each check and its amount.)

4 *Routing numbers* -- the top numbers (also called ABA numbers) tell the state and the bank on which the check is drawn. The bottom numbers name the regional Federal Reserve Bank that will handle the check.

5 The *dollar amount of the check written in numbers.*

6 *Your signature* should be written just as it appears on your signature card.

7 *Amount paid* - the amount of money taken from your account. This number appears only on checks the financial institution has already paid.

8 *The account number* of your checking account.

9 *Computer routing numbers.* These numbers are written in magnetic ink so a computer can read them.

10 *Memo* - your record of why the check was written.

11 The *bank name* and the branch of the bank that handles your checking account.

12 The *dollar amount of the check written in words.*

13 The *person or firm to whom the check is written.*

Twelve Check Writing Tips

Remember the following tips when you write a check. They will help you safeguard your money by making it hard for someone to forge or alter your checks.

1. **Always write in ink.**

2. **Always write clearly and be sure spelling is correct.**

3. **Always date the check, using the correct date.**

4. **Write the payee's name after the printed words "Pay to the Order of."**

5. **Write the amount of the check in numbers close to the printed dollar sign ($) so that other figures cannot be inserted.**

6. **Write the amount of the check in words starting as far to the left as possible, leaving no room for the amount to be changed.**

7. **Draw a wavy line through any blank space.**

8. **Don't sign the check until it is completely filled out.**

9. **Sign the check just as you signed the signature card.**

10. **Use the memo line to keep a record. If you are paying on a charge account, write your account number here. This protects you in case your check gets separated from your bill.**

11. **Record each check you write and each deposit you make in your checkbook register.**

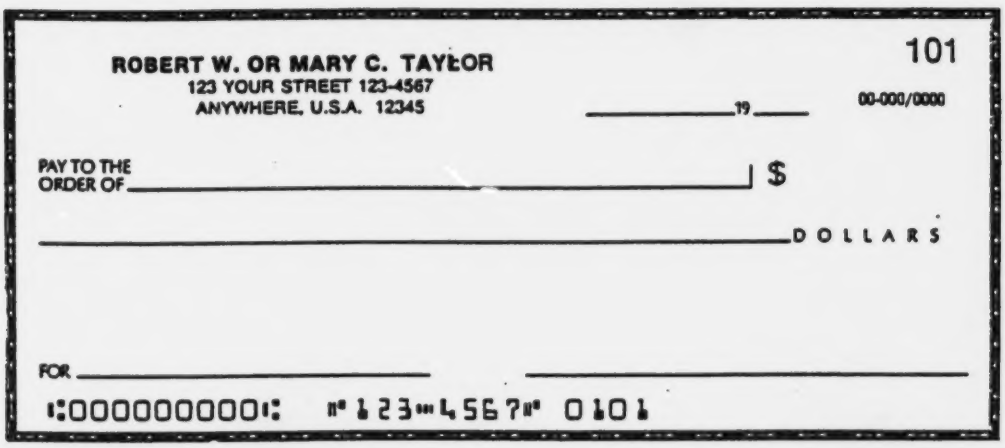
12. **Remember to record any withdrawals you make from automatic teller machines (ATMs) in your checkbook register.**

Exercise

Use the blank check below to practice writing a check using the tips you have just learned.

Check #: 100
Date: Dec. 11, 1991
Check amt.: $25.80

To: Your Favorite Store
For: a gift for Josh
Sign: Mary Taylor



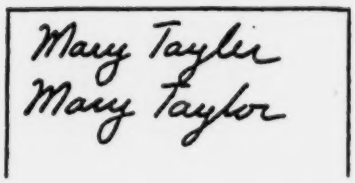
Endorsing A Check

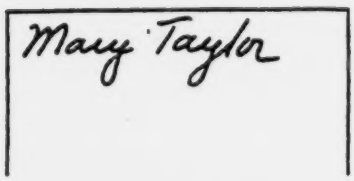
Any check you receive must be endorsed before you can deposit or cash it. An endorsement is simply your signature on the back of the check. To endorse a check, you must sign your name on the back of the left end.

The check must be endorsed using the same name or title that appears on the "Pay to the order of" line of the check. Even if your name is misspelled on the front of the check, you must sign it as it appears and then sign it again with the correct spelling.

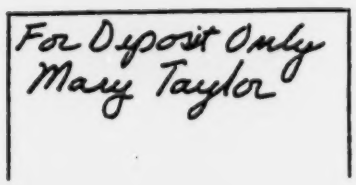
You can endorse a check in several ways depending on what you want to do with the money:

1 If you want to cash a check made out to you, just sign your name on the far left end of the back of the check. Once your signature is on the check, anyone can cash it. That's why it's best not to sign a check until you are ready to cash it.

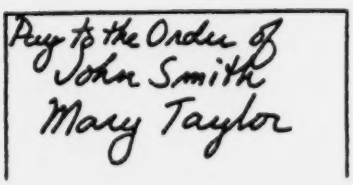


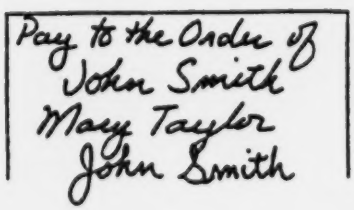


2 If you want to deposit a check into your checking or savings account, write "For Deposit Only" on the far left back side. Your signature should be written below this.



3 If you want to give the check to someone else write "Pay to the Order of" and the name of the person you want to give the check to. Then sign your name. Before the check can be cashed, it must be signed by the person you named.





Making A Deposit

To make a deposit to your checking account you use one of the deposit slips in the back of your checkbook. In most cases, your account number will be printed on your deposit slips.

1. Record your cash deposits on the first two lines. List any currency (or paper money) on the first line and any coins on the second line.

2. List each of the checks you want to deposit, using the top half of the routing numbers (also called the ABA number) and the check amount. If you wish to deposit more checks than the deposit slip provides, use the back to record additional items.

3. Date the deposit slip with the today's date.

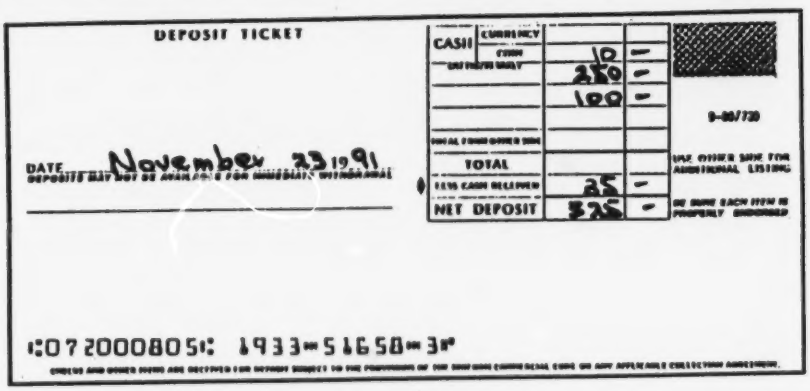
4. If you want to get cash back from your deposit, total all the checks and cash you have listed on your deposit slip. Record this on the first "Total" line. Then list any cash you wish to receive now, and sign the deposit slip. Be sure to total your deposit minus any cash received and list this on the bottom "Total" line.

5. Remember to record any deposits you make in your checkbook register.

When you deposit a check to your account the financial institution, you will not be able to withdraw those funds until the check has cleared. Financial institutions must clear local checks in one day. Ask you financial institution about checks you deposit in an Automatic Teller Machine. After a certain time of day, these funds may have a longer time period before you can withdraw the money.

See the sample deposit made by Mary Taylor on November 23, 1991, which included:

two checks,
$10 in dimes, and
$35 back in cash for a total of $325 deposited in her account.


DEPOSIT TICKET

DATE November 23 1991

CASH	CURRENCY		
	COIN	10	—
		250	—
		100	—
	TOTAL		
	LESS CASH RECEIVED	35	—
	NET DEPOSIT	325	—

⑆072000805⑆ 1933=51650=3⑈

Using Automatic Teller Machines

Automatic teller machines (ATMs) are an easy way to access your checking and/or savings account to withdraw cash, make deposits, or make payments. ATMs are located at the financial institution or in stores such as supermarkets and gas stations, and in shopping malls.

To use an ATM, you will be issued a card that looks like a credit card. This card will be coded to your account and will allow you to access it. You will also have a personal identification number (PIN) that you will code into the ATM when you put your card into the machine.

It is very important to keep your ATM card in a safe place because it is a direct link to

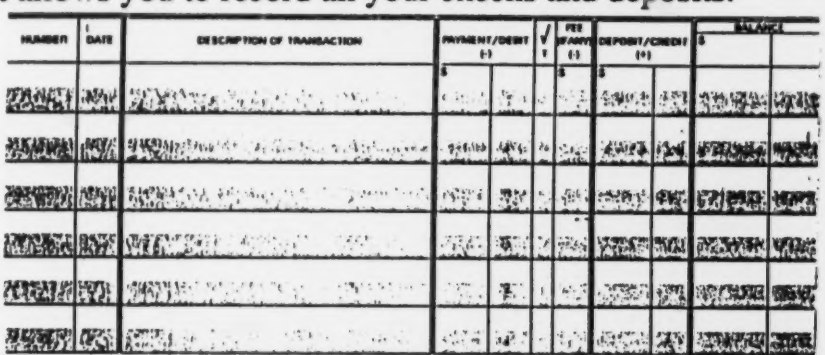
your account. DO NOT write your PIN number on the card or carry it with you. Someone finding or stealing your card would have a difficult time using it without your PIN number.

If your ATM card is lost or stolen, report the loss to the financial institution immediately. Reporting the loss immediately will limit your liability to $50.

When using the ATM to check your account balance, remember that you may have checks outstanding that may not reflected in the account balance given at the machine. Also, remember to record all deposits and withdrawals made at the ATM.

Checkbook Registers

The financial institution can pay on your check only if there is enough money in your account. An up-to-date checkbook register will tell you the balance in your account. The checkbook register is a valuable tool for managing your checking account. It allows you to record all your checks and deposits.



If you record each check you write, each deposit you make, each withdrawal you make from an ATM, and any service charges from the financial institution in your checkbook register, you will always know how much money you have in your account.

Once a month, you can use your checkbook register and the statement sent by your financial institution to reconcile (balance) your checkbook.

Your Statement

The statement is the financial institution's record of your checking account.

STATEMENT

YOUR BANK
111 Main Street
Anywhere, MI 40000

PERIOD ENDING 11/25/91
DATE OF LAST STATEMENT 10/25/91
ACCOUNT 12345678

Jack and Mary Taylor
51015 North Street
Anywhere, MI 40000

Date	Item	Check Amount	Deposit Amount	Balance
	Opening Balance			129.10
10/30	105	10.56		118.74
11/01	106	36.00		82.74
11/01	Deposit		326.75	409.49
11/01	108*	250.00		159.49
11/10	ATM	40.00		119.49
11/23	109	14.98		104.51
11/25	Service charge	5.00		99.51

SUMMARY

Previous Balance	Total Deposits	Total Checks	No. of Checks	No. of ATM	No. of Deposits	Service Charge	New Balance
129.30	326.75	351.54	4	1	1	5.00	99.51

The monthly statement lists all checks that have been paid from your account and all deposits credited to your account as of the date of the statement. Your withdrawals from ATM's and any service charges from the bank are also listed on your statement.

It is important for you to make sure the financial institution's record and your record agree. This is called reconciling your account. On the back of the statement is a form with instructions to help you balance your checking account. You should balance your checkbook register soon after you get your statement.

Reconciling Your Account

Balancing your checking account is simple if you follow these steps:

1. If your checks are return, put them in order by check number.
2. Match your cancelled checks against your checkbook register.
3. Make a check mark (✓) next to each check in your checkbook register. Be sure the amount paid by the financial institution agrees with your records.
4. Subtract any service charges from your checkbook balance .
5. List all your outstanding checks (those written but not yet cashed or cleared) on your reconcilement form.
6. Total the amount of your outstanding checks.
7. Subtract the total of outstanding checks from the "new balance" amount listed on the statement.
8. Add any deposits you've made that are not shown on the statement.
9. Add any interest paid by the financial institution.
10. Compare your checkbook balance with the new balance on your statement. The two numbers should agree. If your checkbook balance and your adjusted bank balance do not agree, check your addition and subtraction. If your balances still do not agree and you cannot find the problem, call or visit your financial institution. Someone there will help you find the correct balance.

Self Check: Now take some time to the do the exercises on the next pages to see how you rate as a checkbook manager.

Exercise

Using Your Checking Account

Using the information and forms given here :

1. deposit check 560,
2. write check 323,
3. record all transactions in the checkbook register, and
4. reconcile the checkbook register to the statement.

CHECK WRITTEN

Check no: 323
Check date: 1/3/92
Check amt.: $325.00
Check to: Country Apts.
Check for: Rent

DEPOSIT

Check amt.: $566.57
Check no.: 560
Routing no.: 12-9876
Day of deposit: 1/2/92
Amt. of deposit: $566.57
Check made out to: Mary Smith-Taylor

BEGINNING BALANCE: $53.21
SERVICE CHARGE: $5

WITHDRAWAL FROM ATM
Date: 1/21/92
Amount: $60

STATEMENT

YOUR BANK
111 Main Street
Anywhere, MI 40000

PERIOD ENDING 1/20/92
DATE OF LAST STATEMENT 12/20/92
ACCOUNT 12345678

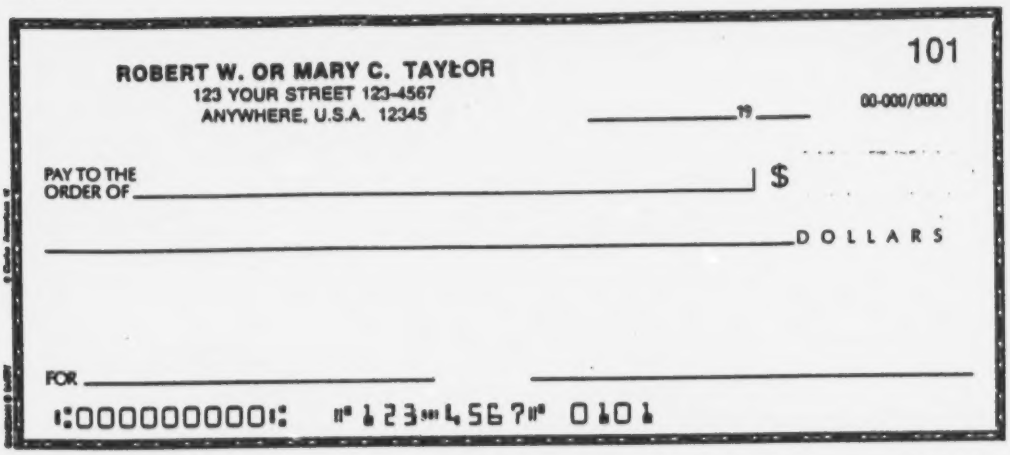
Jack and Mary Taylor
51015 North Street
Anywhere, MI 40000

Date	Item	Check Amount	Deposit Amount	Balance
		Opening Balance		53.21
12/30	321	22.84		30.37
1/2	Deposit		566.57	596.94
1/5	323	325.00		271.94
1/20	Service Charge	5.00		266.94

Summary

Previous Balance	Total Deposits	Total Checks	No. of Checks	No. of ATM	No. of Deposits	Service Charge	New Balance
53.21	566.57	347.84	2	0	1	5.00	266.94

Adapted from: Varcoe, Karen and Connie Costello. *Checking Account*, University of California Cooperative Extension Service, 1989.



ROBERT W. OR MARY C. TAYLOR
123 YOUR STREET 123-4567
ANYWHERE, U.S.A. 12345

101

_____ 19 ____

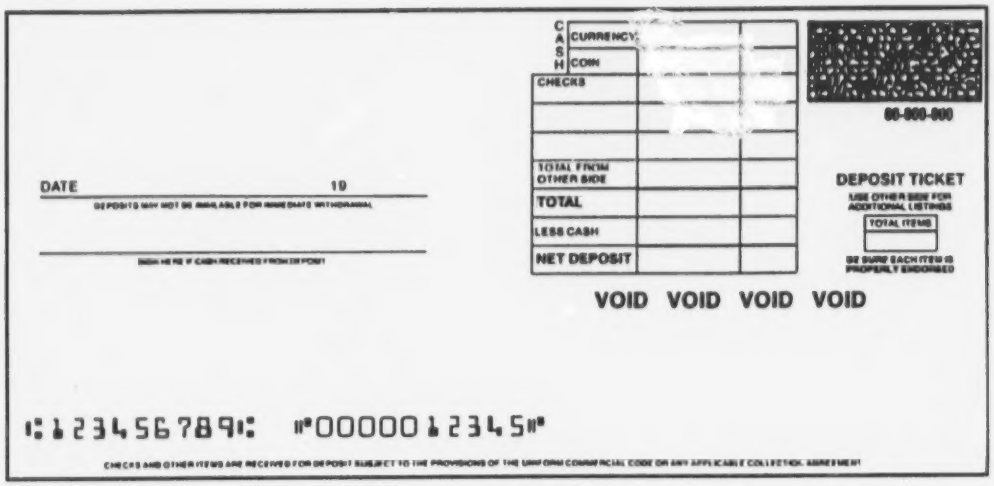
00-000/0000

PAY TO THE ORDER OF _____ $

_____ DOLLARS

FOR _____

⑆000000000⑆ ⑈123⑈4567⑈ 0101



DATE _____ 19

DEPOSITS MAY NOT BE AVAILABLE FOR IMMEDIATE WITHDRAWAL

_____

SIGN HERE IF CASH RECEIVED FROM DEPOSIT

CASH	CURRENCY	
	COIN	
CHECKS		
TOTAL FROM OTHER SIDE		
TOTAL		
LESS CASH		
NET DEPOSIT		

00-000-000

DEPOSIT TICKET

USE OTHER SIDE FOR ADDITIONAL LISTINGS

TOTAL ITEMS

BE SURE EACH ITEM IS PROPERLY ENDORSED

VOID VOID VOID VOID

⑆123456789⑆ ⑈00001234 5⑈

CHECKS AND OTHER ITEMS ARE RECEIVED FOR DEPOSIT SUBJECT TO THE PROVISIONS OF THE UNIFORM COMMERCIAL CODE OR ANY APPLICABLE COLLECTION AGREEMENT

RECORD ALL CHARGES OR CREDITS THAT AFFECT YOUR ACCOUNT

NUMBER	DATE	DESCRIPTION OF TRANSACTION	PAYMENT/DEBIT (-)	√ T	FEE (IF ANY) (-)	DEPOSIT/CREDIT (+)	BALANCE
							$ 70 66
321	12/30	AT+T	$ 22 84		$	$	47 82
322	12/30	Grocery Store	17 45	✓			30 37

ENDORSE HERE

X _____

_____

_____

_____

DO NOT WRITE, STAMP OR SIGN BELOWTHIS LINE
RESERVED FOR FINANCIAL INSTITUTION USE

_____

Endose the back of this check.

CHECKS OUTSTANDING -- NOT CHARGED TO ACCOUNT

Check Number	Check Amount
TOTAL	$

Bank Balance Shown on This Statement $_____

SUBTRACT

Checks Outstanding - $_____

Total - $_____

ADD

Deposits Outstanding $_____

\+ $_____

\+ $_____

Balance $_____

Should agree with check book balance after deducting service charge and adding interest, if received.

Part 10...Cleaning on a Shoestring

Cleaning your home with commercial products can be very expensive. These products have been premixed, perfumed and packaged...and that costs money.

Create your own home-care products and save money. Our home-care recipes contain common, inexpensive household items.

- Ammonia.
- Baking soda.
- Vinegar.
- Laundry soap.
- Liquid dish detergent.
- Chlorine bleach.

Ammonia is a strong cleaner and should be used in a well ventilated area. Use it to:

- Wash windows.
- Clean bathrooms.
- Clean ovens.
- Remove wax from floor.

Baking soda is a mild cleaner and keeps the house smelling fresh. It may be used to:

- Clean refrigerators.
- Eliminate odors.
- Remove stains.
- Scrub without scratching.

Vinegar is a good basic cleaner that leaves the house shiny. It may be used to:

- Clean glass.
- Remove soap film.
- Shine chrome.
- Remove stains.
- Remove mild rust stains.

Laundry soap is available in either liquid or powder form. It is used to clean:

- Clothes by hand or in the washing machine.
- Make a mild cleaning solution.
- Remove heavy soil and grease from walls, floors and fixtures.

Liquid dish detergent is made to clean dishes. It removes food particles and grease. It can also be sued to:

- Hand-wash delicate clothing.
- Do small household cleaning jobs—countertops, walls, floors, appliances and fixtures.

Chlorine bleach will help kill germs while cleaning. It may be used to:

- Clean and deodorize bathrooms.
- Clean and deodorize kitchens.
- Remove stains.
- Disinfect garbage and diaper pails.
- Kill mildew.

For safety sake.....

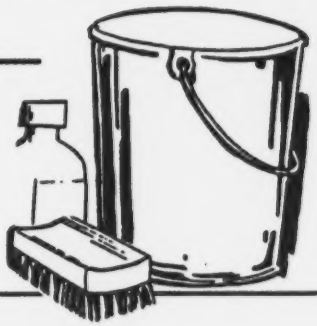
1) ***Never*** mix chlorine bleach, or any cleaner containing chlorine, with ammonia or with a cleaner containing ammonia. This produces dangerous fumes.

2) Most household cleaners are very poisonous. Be careful when storing these products. Be sure that children cannot reach them. Store in a locked cabinet.

3) When mixing your own homemade cleaners remember: measuring utensils used for cleaners ***should not*** be used for food.

4) Always store your homemade cleaning solutions in tightly closed containers, labeled correctly, and out of children's reach.

Recipes for making cleaning products—



General Household Cleaner

2 T. ammonia
2 T. liquid dish detergent
1 quart water

Mix and use for general household cleaning.

Carpet Freshener

3/4 cup baking soda
2 T. corn starch
1/4 cup perfumed talcum powder.

Combine ingredients. Sprinkle on dry carpet, let stand 5 to 15 minutes, and then vacuum.

Wall Cleaner

1/4 cup ammonia
1 gallon warm water

Combine these ingredients. Use the two-bucket method—one bucket of wash water and one bucket of rinse water—to reduce the amount of cleaner used. Change rinse water often.

Window Cleaner

1/4 cup ammonia or
1/2 cup vinegar
2 quarts water

Mix ingredients together. Store in a spray bottle and label. Good for windows, mirrors, and glass over pictures.

Ceramic Tile Cleaner

1-2 T. trisodium phosphate
1 gallon hot water

Wear rubber gloves. Scrub with solution. Rinse well.

Grout Cleaner
(between ceramic tile)

Chlorine bleach
Water

Scrub the grout first with hot suds. Mix the water and chlorine bleach and apply the diluted solution to the grout. Repeat procedure, keeping tile wet 5 minutes.

Laundry Spot Remover

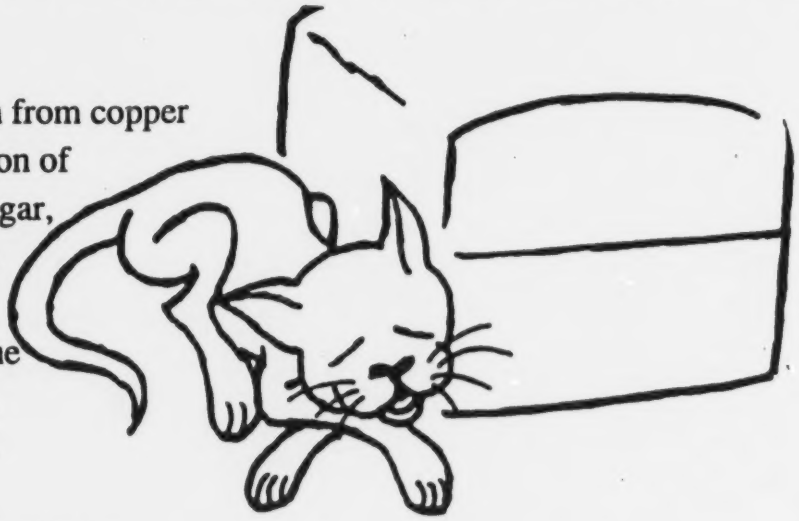
1 cup laundry soap (generic brand works well)
1 cup ammonia
1 cup water

Mix ingredients together.
Store in a spray bottle and label. Works well for grease, dirt, and perspiration stains. Caution: do not use chlorine bleach in your wash water if you use ammonia.

What Will Vinegar Clean?

In the kitchen—Save money by using the cheapest dish soap. Add a few drops of vinegar to the dishwater. Vinegar cuts the grease and leaves dishes sparkling clean.

—To perk up your coffee pot, simply fill the inside with a solution of half white vinegar and half water. Run through a brew cycle. Rinse thoroughly with water when finished.



—To remove tarnish from copper or brass mix a solution of equal parts salt, vinegar, and flour. Apply the paste with a damp sponge and rub on the item until it's shiny, rinse and gently dry.

In the bathroom—To remove soap buildup from a shower curtain, use vinegar full strength. Rinse clean.

For stains—If your pet "does its thing" on the rug, undo the damage by sponging the spot with 1/2 cup vinegar diluted with 1 quart warm water. Let stand a few minutes to dissolve stain. Wipe clean. Repeat if necessary. (A *spot test* is suggested on the fabric or rug first to be sure that the color will not be faded or removed.)

What will baking soda clean?

In the kitchen—Mix a solution by dissolving 2 tablespoons of baking soda in 1 quart of warm water. Use it to clean inside and outside of the refrigerator, small appliances, countertops and the microwave.

—Swish solution in plastic food containers, lunch boxes, thermos and baby bottles. Rinse with clear water. To remove lingering odors in plastic, soak overnight in a baking soda solution.

—Make a paste of baking soda to scour the sink without scratching the surface. This paste will also remove coffee and tea stains from cups.

—Eliminate odors in the refrigerator by placing an open box of soda in the back of the refrigerator. Change every three months. Put a second box in the freezer.

—When disposing of old boxes of baking soda, pour the contents of the old boxes down drains to help keep them fresh smelling.

—Sprinkle burned pots with baking soda, add a few cups of water. Simmer on stove for awhile, then let stand for a few hours. You can usually lift the burned food right out of the pan.

In the bathroom—Sprinkle baking soda on a damp cloth and gently scour to clean and deodorize without scratching.

For the laundry—For clean-smelling clothes, add 1/2 cup of baking soda to rinse cycle.

For unwelcome pests—

Everyone must deal with unwelcome pests from time to time. Commercial products are expensive and can be dangerous to family members or pets.

—Flour worms and weevils dislike the smell of bay leaves. Buy bay leaves at your local food co-op. They are much cheaper there than in the grocery store. Bay leaves inserted into flour and other grain containers will prevent infestation by some types of weevils.

—To prevent worms and weevils, freeze all staples—flour, cereal, oatmeal, cake mixes, etc.—for 24 hours.

Spice Moth Balls

1/2 cup whole cloves
3 to 4 broken sticks of cinnamon
1/2 cup whole peppercorns

Mix spices together. Wrap 2 tablespoons of spice in a cheesecloth or muslin. Be sure to keep spices from touching the fabiric as oils from spices can stain.

To catch mice:

Tempt them with traps covered with peanut butter. These little creatures find it hard to resist.

Where do you start?

It is easier to keep a house clean if you make a plan for all the cleaning jobs. Some cleaning jobs need to be done every day. Some need to be done once a week. Others need to be done once a month or once each season.

IN THE KITCHEN

Every day

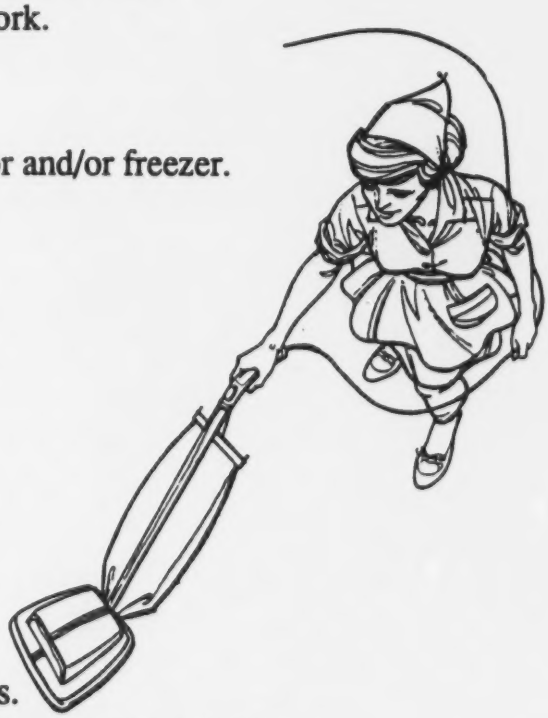
- Wash dishes after each meal.
- Wipe off table, chairs, countertops, and stove.
- Empty trash, put in clean bag.
- Sweep kitchen floor.

Once a week

- Check food and throw away any food that is moldy.
- Mop the kitchen floor.
- Wash and rinse the garbage can.

Now and then

- Wash kitchen cupboards, inside and outside.
- Wash ceiling, walls and woodwork.
- Wash curtains.
- Wash light fixtures.
- Clean and defrost the refrigerator and/or freezer.
- Clean oven inside and outside.



IN THE LIVING ROOM

Every day

- Pick up papers.
- Empty and wash ashtrays.

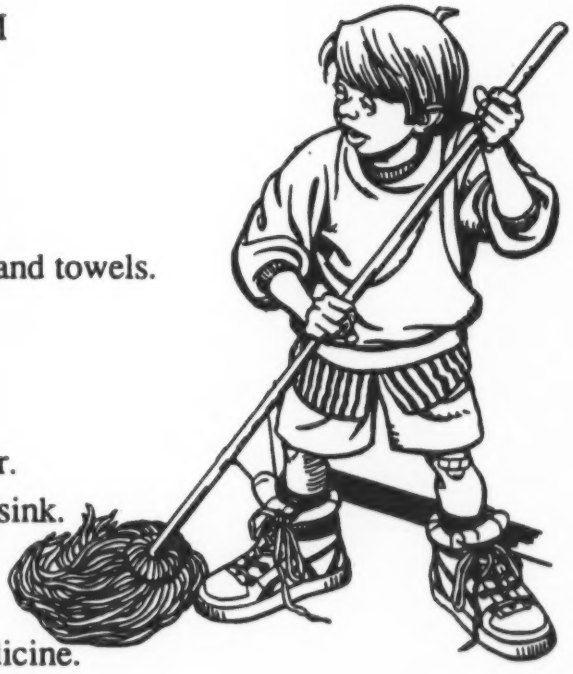
Once a week

- Dust furniture and picture frames.
- Clean spots from walls, carpet, floor, and furniture.
- Vacuum or sweep floor.

Now and Then

- Wash walls, woodwork, ceiling.
- Wash windows.
- Wash curtains.

IN THE BATHROOM



Every day

- Wipe out sink.
- Wipe off countertop.
- Pickup dirty clothes and towels.

Once a week

- Wash mirror.
- Vacuum or mop floor.
- Scrub toilet, tub and sink.

Now and then

- Throw away old medicine.
- Clean medicine cabinet.
- Wash walls, woodwork, and ceiling.
- Wash the shower curtain.

IN THE BEDROOM

Every day

- Make beds.
- Put clothes away.

Once a week

- Change the sheets.
- Dust the furniture and picture frames.
- Vacuum floors.

Now and then

- Turn mattresses
- Wash walls, woodwork, and ceiling.
- Wash windows, curtains.

CLEANING SUPPLIES

Collect all the cleaning supplies and tools you will need for each job. Keep them in a handy place, where it's easy to find them.

1. Carry your cleaning supplies in a bucket, a basket with a handle, or an 8-pack pop carton. You will need:

- Hot water.
- Soap or detergent.
- Baking soda.
- Broom.
- Cloths or rags.
- Buckets.
- Scouring powder.
- Vinegar.
- Mop or sponge.

2. Some other things can make cleaning easier:

- Dust pan.
- Scouring pads.
- Step ladder (3 step).
- Vacuum cleaner.
- Bleach.
- Box or basket to hold supplies.
- Toilet brush.

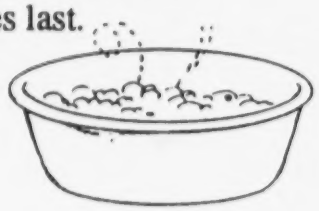
HOW TO....

WASH DISHES

It is easier to wash dishes if you do it after every meal. This keeps food and grease from drying on and becoming harder to wash off. If you can't wash the dishes right away, at least wipe off the leftover food. Stack dishes and soak in soapy, hot water.

1. When you are getting a meal ready, cleanup as you work.
   Fill the sink with hot, sudsy water. As you finish with measuring spoons, bowls, and other utensils, put them in the water. This will help soak off food. Use hot water for pans used to cook greasy or sugary foods. Use cold water to get off foods such as milk, eggs and starchy foods.

2. Use the sink or a dishpan.
   Add soap. Fill with water as hot as you can stand. Keep dish water clean longer and save on hot water by washing the dirtiest dishes last.
   Wash dishes in this order:



   1. Glassware.
   2. Silverware.
   3. Plates, cups, and saucers.
   4. Serving dishes.
   5. Cooking utensils.
   6. Pots and pans.

3. Use a dishcloth or sponge. Clean between the "fingers" of forks.

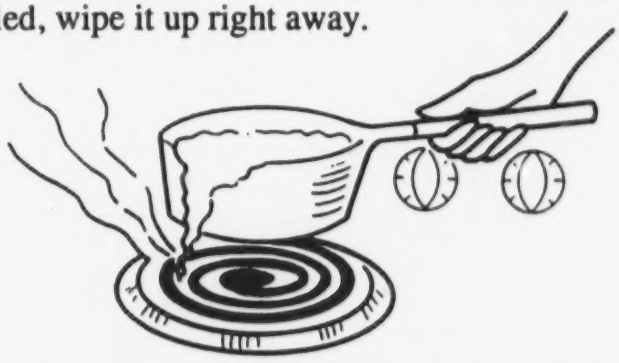
4. Rinsing dishes helps prevent the spread of cold germs and other illnesses. You will save hot water if you fill the kitchen sink or another dishpan rather than rinsing under running water.

5. If you use very hot water to rinse, your dishes will dry quickly and you can save one step in the dishwashing process.
   If you dry dishes, use **clean** towels.

CLEAN THE STOVE

A clean stove looks better and lasts longer. A clean stove cooks better and saves money because it doesn't waste gas or electricity. Burners that sputter and ovens that smoke are sure signs of wasting fuel.

Try to use medium heat when you cook on the top burners or in the oven. Medium heat keeps food from boiling over or splattering.
If food is spilled, wipe it up right away.



1. Clean the outside of the range with warm, soapy water and a soft cloth.

2. Clean the surface units often. Always turn the switch off and let the units cool. Wash the units with a damp cloth when they are cool. Never put the unit in water.

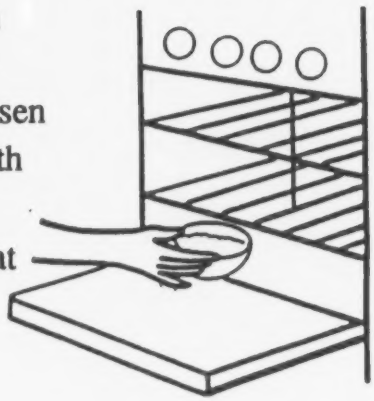
3. Clean below the drip pan and around the metal trim.

4. Clean the oven with these steps:

   • Be sure the stove is cool.

   • Take out the racks and soak in a tub of hot, sudsy water.

- If the oven or broiler is greasy, fill a small glass bowl with 1/2 cup full-strength ammonia. Put this in the cool oven, close the door and leave overnight. This will loosen the grease. Wipe oven the next morning with a clean cloth dipped in hot, sudsy water. If necessary, use fine steel wool for dirt that doesn't wipe off.



5. Special tips for gas stoves:

- Turn off pilot light.
- Lift out gas burners, wash in hot, sudsy water.

- Use a stiff brush to scrub off any burned-on food.
- Rinse all the parts.
- Let burners dry completely before lighting pilot light.

6. Special tips for electric stoves:

- Do not wash the electric unit—food burns off right away.
- Tilt the surface unit and take out burner rims and drip pans, wash in hot, sudsy water.

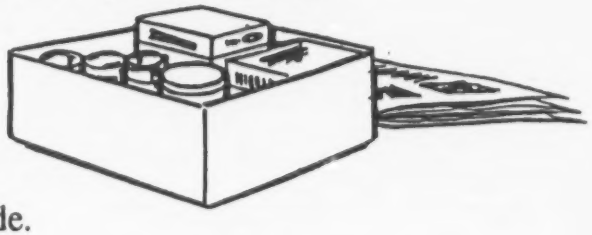
- Rinse with hot water and dry.
  If food has burned on, soak in ammonia solution or remove with steel wool pads.

CLEAN THE REFRIGERATOR

Food keeps longer and stays fresher in a clean refrigerator. Keep your refrigerator defrosted. It costs less to run that way.

1. Get ready

   - If the refrigerator or freezer doesn't defrost automatically, turn the dial to defrost setting. Take out all food—jars, bottles, etc. Store frozen food together in a newspaper-lined box covered with more newspapers and a blanket or heavy towel to keep as cold as possible. Or use a cooler if you have one. Throw away leftovers that might pose possible food safety problems.



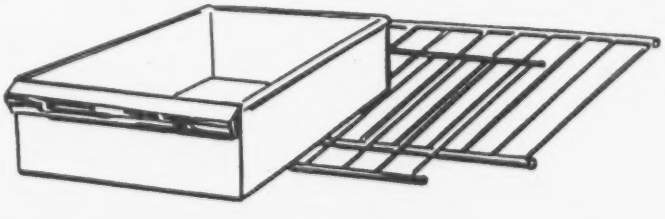
   - Make hot, sudsy water for the outside.

   - Make a baking soda solution for the inside by adding 2 tablespoons of baking soda to 1 quart of warm water. For stubborn spots, rub with baking soda paste. Soda removes odors.

   - Do not use soap inside the refrigerator. Soap leaves an odor.

2. Wash the outside—top, walls.

3. Wash the inside—top, bottom, walls. Scrub into all the corners and clean shelves and drawers with baking soda solution.



   - Put a hot, damp cloth on dried-on food to make it easier to remove.

- Rinse everything with warm water and dry with a clean cloth.

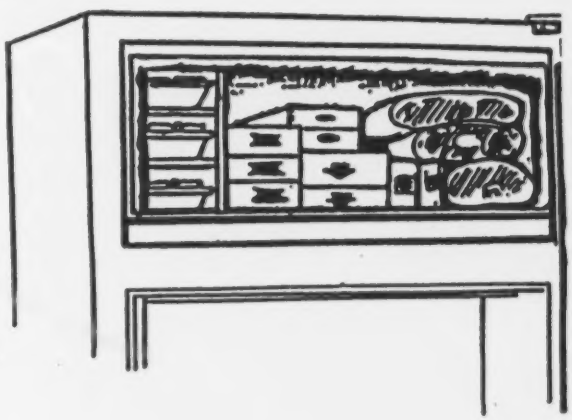
4. Finish the job.

   - Put shelves, drawers back in refrigerator.

   - Rinse out ice cube trays. Do not use hot water or soap—this makes ice cubes stick.

   - Put food back in refrigerator and freezer. Reset the temperature controls.

5. To defrost the freezer faster, put a pan of hot water into the freezer section. Let ice melt. Do not use sharp knives or other tools. This can damage the freezer.



Ways to keep frost from forming:

- Keep food covered.
- Open door as few times as possible.
- Defrost whenever frost is 1/2 inch thick.

CLEAN FLOORS

1. Get ready:
   - Sweep or vacuum up loose dirt or crumbs.
   - Put warm water into two pails; add liquid detergent to only one pail.
   - Use a cloth, sponge, or mop to wash the floor.

2. Always rinse cloth, sponge or mop in rinse water before putting it in wash water. This keeps wash water cleaner, saves on soap and saves money. Change rinse water often.

WASH WALLS

1. Get ready:
   - Brush down all cobwebs. Use a broom with a cloth over it. Do the ceiling first, then the walls.
   - Get two buckets—wash water and for rinse water.
   - Use ammonia or liquid dish detergent. Make a wash solution of 1/4 cup ammonia and 1 gallon warm water or 1/4 cup liquid dish detergent and 1 gallon warm water.

2. Wipe off woodwork before washing walls.

3. Wash the walls.
   - Remember always to wash walls from the bottom to the top. Water running down over dirty walls will streak them.
   - Change water often. Rinse the wash rag before putting it in wash water again. This saves soap.
   - When a small area looks clean, rinse. Remember to rinse walls the same way, bottom to top. Then wipe dry.

WASH WINDOWS

1. Get ready.
   - Clean cloths for washing, drying, and shining.
   - Newspaper or paper towels.
   - Vinegar or ammonia.
     Mix 1/2 cup of vinegar or
     1/4 cup ammonia in 2 quarts of water.
   - Bucket of warm water.
   - Stepladder, stool, or sturdy chair (stepladder is safer).

2. Wipe down window frames and sills to remove loose dirt.
   - Wash top pane first with wet cloth.
   - Wash each pane top to bottom.
   - Rub dry with dry cloth or paper.
   - Wipe and dry window sills.

Clean mirrors and the glass over pictures the same way you clean window glass.

WASH SCREENS

1. Get ready:
   - Brush or vacuum cleaner.
   - Old towels or cloths, newspapers.
   - Soap or detergent.
   - Small scrub brush, sponge.

2. Take screens off and wash:
   - Write a number in each window or door frame and write the same number on its screen. Put any screws or bolts in a bag and write the same number on it. This makes it easy to put each clean screen back where it belongs.

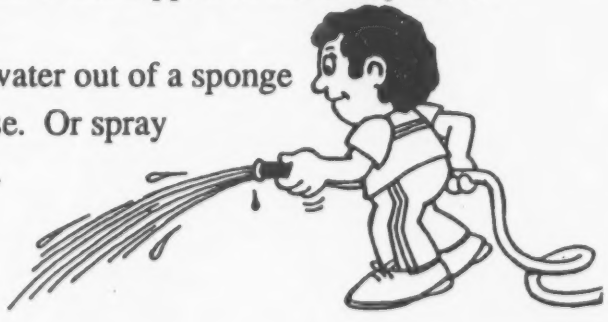
   - Take the screens out. Dust the mesh and frame with a brush or vacuum cleaner.

   - Use a bathtub, washtub or kitchen sink to wash screens, or wash outdoors using a garden hose. Line the tub or sink with old towels or cloths so the screens won't scratch the finish. Also put newspapers on the floor to catch splashes or drips.

   - Fill tub or sink with warm water and soap or detergent or have a bucket with warm, soapy water if washing outdoors.

   - Scrub each screen with a scrub brush dipped in the sudsy water.

   - Rinse it by squeezing clean water out of a sponge or a shampoo-type spray hose. Or spray outdoors with a garden hose.



Take a moment and rate your house today. Does it have:

	Yes	Some-times	No
• Clean, shiny windows.			
• Floors free of trash and dirt.			
• Clean walls—no dirt or fingerprints.			
• Ceilings without cobwebs.			
• Beds made with clean sheets, pillowcases and blankets.			
• Clothes washed and put away.			
• Dishes washed and put away.			
• Food wiped off table, chairs and countertops.			
• No bugs or flies around the house.			
• No trash inside or around the house			
• Clean porch, steps and sidewalk.			